# Financial Statements 2006 – Fortis Bank

Fortis Bank Consolidated Financial Statements

Report of the Board of Directors of Fortis Bank

Fortis Bank Financial Statements

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Unless otherwise indicated, all amounts stated in the tables of the consolidated financial statements are denominated in millions of euros and all amounts stated in the tables of the unconsolidated financial statements are denominated in thousands of euros.

# Fortis Bank

Fortis Bank S.A./N.V. combines the banking activities of Fortis, an international provider of banking and insurance services to personal, business and institutional customers. Fortis delivers a total package of financial products and services through its own high-performance channels and via intermediaries and other partners.

Fortis is the market leader in the Benelux region – one of Europe's wealthiest – in banking and insurance. Building on that leadership, it has developed an extensive European footprint in the retail banking market, operating through a variety of distribution channels. Fortis offers skill-oriented financial services to companies, institutional clients and high net worth individuals and provides integrated solutions to the enterprise and the entrepreneur. Fortis's unique expertise has made it a regional and in some cases global leader in niche markets, such as energy in North America and fund administration, commodities and transportation worldwide. Fortis successfully combines its banking and insurance skills in growth markets in Europe and Asia, and it leads the market in bancassurance in the Iberian Peninsula and Malaysia.

Fortis ranks among Europe's top 20 financial institutions, with a market capitalization of EUR 43 billion at year-end 2006. With excellent solvency, a presence in over 50 countries and a dedicated, professional workforce of 60,000, Fortis combines global strength with local flexibility.

As at 31 December 2006, Fortis Bank had total consolidated assets of EUR 674 billion and world-wide 43,575 employees.

## The core businesses of Fortis Bank

### RETAIL BANKING

Retail Banking provides financial services to individuals, professionals and small businesses. Over six million active customers in nine countries currently use our integrated banking and insurance services, through proprietary and third-party networks, all embedded in a multi-channel environment.

#### Strategy

- Improve client satisfaction by implementing a full-fledged segmented customer approach
- Adapt organisation to accelerate international development
- Continue to invest in our core markets and in developing new ones
- Develop consumer finance by leveraging existing networks
- Focus on bancassurance through our integrated distribution network
- Pursue cross-channel distribution strategy

### Market position

- Market leadership in Benelux – one of Europe's wealthiest regions
    - No. 2 in retail financial services
    - No. 1 credit card issuer
- Consumer finance offering in 7 countries with 200 million inhabitants; 4 million credit card holders in Benelux and Turkey
- Strong footprint in Europe:
    - More than 1,600 Fortis branches across Europe
    - 44 credit shops in Germany and Poland
    - Post office network in Belgium and Ireland
    - Independent brokers in the Netherlands and in Poland
    - Tied agents in Belgium

### Key developments in 2006

- Financial services joint venture with An Post in Ireland
- Integration of Von Essen Bank in Germany
- Credit shop concept rolled out in Poland and Germany
- Agreement to acquire Dominet, with the tenth largest branch network in Poland
- More than 1.1 million internet banking customers in Belgium
- Investment tool integrated into online banking in the Netherlands
- Strong growth of assets under management at Fortis Investments
- Fortis Investments acquires majority stake in Cadogan, a leading US fund of hedge funds platform, and creates asset management joint venture in Russia
- Fortis Investments opens a specialist investment centre for Sustainable and Responsible Investment in Frankfurt

## Merchant & Private Banking

Fortis announced in October 2006 that it would restructure its organisation as from 1 January 2007. The former separate business lines Merchant Banking and Commercial & Private Banking will form one business: Merchant & Private Banking

Merchant & Private Banking offers tailored financial products and skill-oriented services to large international companies and institutions, to Europe-oriented medium-sized enterprises and entrepreneurs, and to private banking clients. We have established a strong regional or global position in many of our products and skills, making us well-placed to capture growth opportunities.

### Business strategy

- Become the reference European cross-border partner for enterprise and entrepreneur
- Pursue focused growth by leveraging key client relationships and strong product franchises
- Offer a combination of first-rate investment services and other products to high net worth individuals
- Sustain competitive edge by developing specialised financial services
- Exploit opportunities in the US and Asia by following key clients and leveraging existing expertise
- Continue to build excellence in operations, risk and IT

## Market position

- Strong leadership position in Benelux
- High penetration among selected European customers (e.g. internationally active SMEs)
- Leading worldwide position in several specialised sectors (e.g. top 10 position in renewable energy and in offshore oil and gas services)
- Worldwide leader in trust and corporate services
- Top 20 worldwide in assets under management from high net worth individuals
- 125 Business Centres across 19 countries Europe-wide and China
- Leading service provider in funds administration (worldwide) and in derivatives clearing (Europe)
- Top European player in cross-border Leasing and Commercial Finance
- Private equity portfolio in excess of EUR 1.4 billion

## Key developments in 2006

*Merchant Banking*

- Development of new innovative products in derivatives, structured products and securities financing
- Acquisition of Cinergy M&T, a marketing and trading platform in energy in the US and Canada
- Fund administration expanded through the acquisition of Hedge Fund Services, the largest fund administrator in the British Virgin Islands
- Finalisation of merger of Fortis Clearing Chicago and O'Connor & Co. into Fortis Clearing Americas LLC, substantially increasing our clearing activities in the US equity, futures and options markets

*Commercial & Private Banking*

- Development of an integrated offer for enterprise and entrepreneur
- Expansion into new geographies, such as Scandinavia and Greece (Commercial Banking), and Russia and Dubai (Private Banking)
- Acquisitions in leasing in Romania, Switzerland, Scandinavia and Hungary, and in factoring in Poland
- Named Commercial Bank of the Year in the Netherlands and received international Outstanding Business Private Bank award.

## Credit ratings of Fortis Bank S.A./N.V.

| | Long-term | Outlook | Short-term |
|---|---|---|---|
| Standard & Poor's | AA- | Stable | A-I+ |
| Moody's | Aa3 | Stable | P-I |
| Fitch Ratings | AA- | Stable | FI+ |

Moody's revised the long-term rating on 6 March 2007 to Aaa, however, also announced that this rating will be revised again on 10 April 2007.

# Board of Directors

| Name | Function | |
|---|---|---|
| VOTRON Jean-Paul | Chairman Board of Directors | |
| VERWILST Herman | Chairman Management Committee | |
| CLIJSTERS Jos | Managing Director, Member of the Management Committee | |
| DE BOECK Karel | Managing Director, Member of the Management Committee | |
| DESCHENES Alain | Managing Director, Member of the Management Committee | |
| DIERCKX Filip | Managing Director, Member of the Management Committee | |
| FEILZER Joop | Managing Director, Member of the Management Committee | (until 30.09.2006) |
| HENRARD Luc | Managing Director, Member of the Management Committee | |
| KLOOSTERMAN Lex | Managing Director, Member of the Management Committee | (as from 01.10.2006) |
| MITTLER Gilbert | Managing Director, Member of the Management Committee | |
| SCHAACK Christian | Managing Director, Member of the Management Committee | (until 31.12.2006) |
| BECKERS Lode | Director | |
| DE MEY Jozef | Director | |
| MERSCH Walter | Director | |
| MEYER Jean | Director | |
| STEPHENNE Jean | Director | |
| van HARTEN Peer | Director | |
| van OORDT Robert | Director | |
| van PEE Michel | Director | |
| VANSTEENKISTE Luc | Director | |

## College of accredited statutory auditors

KPMG Reviseurs d'Entreprises sccrl,
represented by Mr Olivier MACQ

PricewaterhouseCoopers Reviseurs d'Entreprises sccrl,
represented by Mr Luc DISCRY

# Report of the Board of Directors

We are pleased to report that Fortis Bank has had another excellent year. Aided by a favorable economic environment in the Benelux countries and the rest of Europe and by buoyant commercial activity, we have been able to go on expanding our business and to invest in non-organic growth opportunities.

The Fortis Bank consolidated financial statements, including the 2005 comparative figures, are for the first time published in accordance with International Financial Reporting Standards (IFRS) – including International Accounting Standards (IAS) and Interpretations, at 31 December 2006 and as adopted by the European Union.

## Income statement

Banking realised very strong **net profit** results at EUR 4.732 million for the full year 2006, an increase of EUR 2.039 million or 76% versus the full year 2005. The robust commercial activity and the sale of participations in insurance undertakings were the main drivers for this important progress. Furthermore, the lower change in impairments and the lower effective tax rate assisted the net profit improvement. Partly offsetting the positive development however, the consolidation of acquisitions and accelerated investments in growth drove up the expense line.

**Total income** for the full year grew with 34% to EUR 11.747 million, reflecting ongoing robust customer activity, a substantially higher contribution from treasury and financial markets, capital gains on the sale of investments and the inclusion of acquisitions.

**Net Interest Income** reached EUR 5.085 million for the full year 2006, up 9% on the same period last year. Growth was driven by vigorous customer activity and better ALM results. Significant volume growth partly offset by contracting margins underpinned the business related net interest income improvement. . Net interest income at ALM benefited from higher short-term interest rates, higher retained earnings and a slightly higher duration of equity.

**Net Commissions and Fees** amounted to EUR 2.764 million for the full year, a significant increase of 21% versus prior year. Acquisitions accounted for 4% of this increase. Banking benefited from a new EUR 83 million result-related commission from Fortis Insurance Belgium on sales of insurance products through the bank channel. Even excluding this factor, though, net commissions and fees went up organically by 13%. This healthy growth was achieved thanks to fees related to assets under management (up 18%) and security transactions (up 24%). Fees for assets under management benefited from high net inflows and higher asset values, resulting in a substantially higher fee base. Growth of security-related fees was recorded on track of much more vigorous activity at the exchanges.

Funds under Management ended the year at EUR 182 billion, a robust increase of 16% on the end of 2005. The underlying net inflow reached a substantial level of EUR 16 billion by the end of the year, of which EUR 6 billion at Private banking and EUR 10 billion at Fortis Investments. Growth at Private Banking was due chiefly to network expansion and effective cross selling to Commercial Banking and Trust customers. Fortis Investments' substantial net inflows were the result of its strong focus on the diversification of distribution channels with major successes among external institutional customers in countries like Italy, Spain, France and Germany.

We realised EUR 2.154 million of **Capital gains on investments i**n 2006, an increase of EUR 1.442 million. In 2006 the main divestments were: Fortis Bank Insurance (EUR 1.345 million), Fortis Insurance (EUR 231 million), Banksys (EUR 55 million) and Bank Card Company (EUR 37 million)

**Other realised and unrealised gains and losses** amounted to EUR 1.339 million for the whole year 2006, up EUR 534 million or 66% on the prior year. The excellent performance is driven by robust trading results, higher market values of financial market instruments and private equity shareholdings as well as seasonally strong global securities-financing activities in the second quarter. A EUR 180 million gain, posted as a result of a non-qualifying hedge on the part of the mortgage portfolio, was largely neutralised by one-off surrender penalty charges of EUR 91 million on early repayment of inter-company loans and negative revaluation of derivative positions.

**Other income** remains at EUR 270 million for the full year. While 2005 benefited from an exceptional reimbursement from the Belgian Deposit Protection Fund, 2006 was impacted favourably by higher income on expenses recharged to Insurance.
The benign credit environment resulted in very low levels of **change in impairments** in 2005 and 2006 at EUR 209 million and EUR 158 million respectively. These low levels of change in impairments are mainly due to net releases posted by Merchant Banking in both years. Impairment levels at Commercial Banking improved thanks to the strong underlying credit quality while Other Banking benefited from provision releases for Belgolaise. The change in impairments for Retail Banking increased year-on-year, reflecting higher credit provisions related to the integration of the acquisitions in Germany and Turkey, although underlying credit quality at Retail Banking remained sound.

**Total expenses** were at EUR 6.316 million for the full year, an increase of EUR 714 million or 13% versus the prior year.

**Staff expenses** rose 8% to EUR 3.625 million for the full year 2006. A EUR 135 million restructuring charge related to the upgrade of the quality of management was taken in 2005, while EUR 40 million In early departure costs was posted in 2006 . Adjusting both years for these exceptional provisions staff expenses rose by 11% year-on-year partly due to acquisitions. The organic increase stood at 6% explained by the impact of hiring and wage drift, which were partly offset by exceptional releases in health insurance and pension provisions.

The total number of **Full Time Equivalents** rose to 43.575 at the end of December 2006, an increase of 2.642 or 6% versus December 2005. Organic hiring, representing about half of year-on-year growth, supported more robust commercial activity at Commercial & Private Banking and Merchant Banking

The **other expenses**, including depreciation and amortisation, at EUR 2.690 million for the full year, were 21% higher than in the prior year. Part of this increase is attributable to the integration of acquisitions, putting organic growth at 15%, in line with revenue growth. Other expenses rose chiefly due to investments in technology infrastructure, consultancy, growth engines and branding in support of our long-term growth plans.

The effective tax rate stood at 13% in 2006, compared to an effective tax rate of 23% in 2005. This decrease can be attributed to the structure of trading revenues and a higher level of (equity–based) tax-exempt capital gains. The establishment of a treasury centre earlier in the year also contributed to the lower effective tax rate.

## Balance sheet

The Balance sheet of Fortis Bank increased by 5,2 % at EUR 674,7 billion. The main drivers are the development in the activities of Global Markets and an increase of debt certificates, reflecting the policy of the bank to optimize funding. Growth in assets and liabilities held for trading are due to higher volumes traded in the Dealing Room. The outstanding balances of commercial activities are also growing both on the asset and the liabilities side.

The impact of new acquistions on the balance sheet was rather limited and amounted to 4,2 billion: Dreieck entities (EUR 0,6 billion), O'Connor (EUR 1,4 billion), Von Essen (EUR 0,9 billion), Fortis Energy America (EUR 1,3 billion). The disinvestment of Fortis Bank Insurance and of Fortis Insurance leads to a decrease of EUR 2,8 billion.

**Cash and Cash equivalents** decreased by 19% or EUR 4,8 billion. The decrease can be split in Commercial Banking withEUR 2,9 billion related to cash pooling activities, the redemption of loans to Fortis Insurance and a decrease in Other Banking with EUR 2,1 billion mainly in Fortis Hypotheekbank due to high current account balances both in assets and liabilities in 2005.

**Due from banks** increased by EUR 9,4 billion or 12%, mainly located within Merchant Banking (EUR 8,5 billion) more specifically in Global Markets (EUR 7,4 billion), due to higher balances in securities lending transactions.

**Due from customers** increased by EUR 8 billion or 3%. The partial reclassification of reported reverse repo's (out of the loans to customers' category) concealed the strong growth in the true commercial activity, up 14%. The expansion of the Retail residential mortgages portfolio (up 15% to versus year end 2005 to EUR 57 billion), the Commercial & Private Banking loans (up 14% to EUR 62 billion) and the Corporate & Institutional Banking and Specialised Finance loans (up 37% to EUR 49 billion) explained the increase.

In line with the strong growth in underlying loan volume, credit risk-weighted commitments reached EUR 222 billion at year-end, up 12% on the end of 2005. Total risk-weighted commitments including market risk-weighted commitments increased 13% versus prior year, reaching EUR 240 billion by the end of December

**Assets held for trading** increased by EUR 7,8 billion or 12% mainly in Merchant Banking (EUR 9 billion or +15%) due to the high increase in the trading securities portfolio by EUR 10.6 billion and a decrease in derivatives balances.

**Investments** ended higher by EUR 2,5 billion (+2%) at EUR 138 billion. Merchant Banking (EUR 3,1 billion) was the main contributor. This increase is mainly related to the increase in the Available For Sale portfolio, up by EUR 1,7 billion (+2.3%) to EUR 75 billion and the held at fair value through p&l portfolio (EUR 1,2 billion). This increase can mainly be explained by more than replacing the maturing securities with new purchases where the proportion of mortgage backed securities and corporate bonds increased and the proportion of government bonds decreased.
The remaining decrease of EUR 0,6 billion is mainly attributable to Other Banking.

**Trade and other receivables** decreased with EUR 0,9 billion (13%) due to the sale of the participation in Fortis Insurance ( EUR 0,7 billion).

**Goodwill and other intangible assets** increased by EUR 0,3 billion (54%) mainly due to goodwill related to the acquisition by Fortis Investments of Cadogan Management LLP in the USA (EUR 0,12 billion) and goodwill related to the acquisition of Fortis Energy Marketing & Trading (EUR 0,13 billion).

Strong increase of EUR 13 billion or 27% in **Accrued interests and other assets** is mainly due to increase in accrued income (EUR 6,1 billion) and increase in other assets including trade date & settlement date differences (EUR 6,1 billion). As trade date accounting is applied, outstanding amounts from loans and deposits are recognized at trade date on the balance sheet affecting other assets and other liabilities until the cash settlement.

In 2005, Fortis Bank decided to sell the investment in Fortis Bank Insurance. Consequently, this investment has been shown on the balance sheet as **Disposal groups classified as held for sale** (EUR 2,1 billion), in accordance with IFRS 5. In 2006 this divestment has been realized.

**Liabilities held for trading** increased by EUR 13 billion (26 %), mainly related to the increase of short positions on shares (EUR 12,7 billion). Remaining part is due to increase in short security bonds (EUR 1,4 billion) due to positioning of Global Markets to the increase in interest rates.

**Due to Banks** increased by EUR 2,4 billion or 1,4%, mainly in Merchant Banking (Global Markets EUR 4,1 billion) mostly attributable to an increase in the securities lending liabilities (EUR 8 billion), adv. collateral liabilities (EUR 2,5 billion) and time deposits of Global Markets (EUR 5,5 billion), partly compensated by a decrease in repo balances with EUR 12,6 billion, due to lowering GBP positions driven by increasing interest rates.

**Due to customers** slightly decreased by EUR 3,2 billion (1,2%) to EUR 260 billion. However, increasing commercial volumes in Retail Banking and Commercial and Private Banking are more than compensated by the decrease in Merchant Banking. The evolutions of the balances by business are Retail Banking (EUR 4,3 billion), Commercial and Private Banking (EUR 2,2 billion), Merchant Banking (EUR -9,8 billion). This decrease in Merchant Banking is mainly due to lower repo volumes with customers (EUR 19 billion) partly compensated by higher demand deposits (EUR 3,7 billion), time deposits (EUR 4 billion) and securities lending liabilities (EUR 2 billion). Due to customers in Retail Banking grew by EUR 4,3 Billion or 5% mainly due to increase in time deposits (EUR 4,4 billion) and demand deposits (EUR 1,4 billion) compensated by decrease in savings deposits by EUR 1,5 billion. Commercial and Private Banking balances increased by EUR 2,2 billion mainly in time deposits of Private Banking.

**Debt Certificates** contributed for EUR 13,5 billion (+17,6%) to the increase in total liabilities. The increase is situated in long term funding (EUR 7,2 billion), medium (EUR 2,2 billion) and short term funding (EUR 4,1 billion of which EUR 3,8 billion in debt certificates held at fair value through p&l). Merchant Banking is the main contributor ( EUR 13 billion).

**Subordinated Liabilities** are increasing by EUR 1,6 billion (+12,7%) supporting the solvency ratio's in line with the growth evolution of Risk Weighted Commitments.

**Other Borrowings** decreased by EUR 2,8 billion, totally attributable to the early termination of a funding transaction of Fortis Hypotheekbank with Fortis Finance.

**Accrued Interest and Other Liabilities** increased by EUR 6,8 billion (16,6%) of which EUR 6 billion is due to increase in accrued interest charges. Remaining changes are due to increases related to differences between trade date and settlement date (EUR 3 billion), decrease in fair value hedge and net investment hedge liabilities (EUR 1,4 billion), decrease in payables (EUR 0,8 billion).

**Shareholders' Equity** increased by EUR 1,6 billion or 11% in 2006, driven by the net profit of the year (EUR 4,7 billion), the paid interim dividend (EUR 1,2 billion) and the revaluation of the available for sale portfolio (EUR 1,8 billion)

## Risk management

Fortis Bank's activities are exposed to a series of risks including credit risk, market risk, liquidity risk and operational risk. To ensure that these risks are identified and adequately controlled and managed, Fortis Bank further streamlined the risk management process in 2006 and integrated it throughout the entire organisation. As part of this risk management system, the bank employs a number of internal control procedures and a whole array of risk indicators which are described further in this annual report.

# Fortis Bank Consolidated Financial Statements 2006

# Consolidated balance sheet

*(before appropriation of profit)*

| | Note | 31 December 2006 | 31 December 2005 |
|---|---|---|---|
| Assets | | | |
| Cash and cash equivalents | 14 | 20.792 | 25.594 |
| Assets held for trading | 15 | 70.635 | 62.830 |
| Due from banks | 18 | 89.413 | 80.054 |
| Due from customers | 17 | 285.877 | 277.862 |
| Investments: | 18 | | |
| *- Held to maturity* | | *4.505* | *4.669* |
| *- Available for sale* | | *127.818* | *126.699* |
| *- Held at fair value through profit or loss* | | *3.535* | *2.289* |
| *- Investment property* | | *600* | *402* |
| *- Investments in associates and joint ventures* | | *1.352* | *1.285* |
| | | 137.810 | 135.344 |
| Trade and other receivables | 19 | 6.105 | 7.010 |
| Property, plant and equipment | 20 | 2.153 | 2.018 |
| Goodwill and other intangible assets | 21 | 980 | 635 |
| Non-financial assets and disposals groups classified as held for sale | 22 | | 2.086 |
| Accrued interest and other assets | 23 | 60.926 | 47.879 |
| Total assets | | 674.691 | 641.312 |
| | | | |
| Liabilities | | | |
| Liabilities held for trading | 15 | 64.258 | 50.755 |
| Due to banks | 24 | 177.161 | 174.780 |
| Due to customers | 25 | 260.056 | 263.285 |
| Debt certificates | 26 | 90.360 | 76.827 |
| Subordinated liabilities | 27 | 14.080 | 12.490 |
| Other borrowings | 28 | 2.178 | 5.023 |
| Provisions | 29 | 717 | 795 |
| Current and deferred tax liabilities | 30 | 1.469 | 1.309 |
| Accrued interest and other liabilities | 31 | 47.514 | 40.749 |
| Total liabilities | | 657.793 | 626.013 |
| | | | |
| Shareholders' equity | 4 | 16.700 | 15.091 |
| Minority interests | 5 | 198 | 208 |
| Total equity | | 16.898 | 15.299 |
| | | | |
| Total liabilities and equity | | 674.691 | 641.312 |

# Consolidated income statement

| | Note | 2006 | 2005 |
|---|---|---|---|
| Income | | | |
| Interest income | 34 | 70.197 | 64.695 |
| Interest expense | 40 | ( 65.111 ) | ( 60.043 ) |
| Net interest income | | 5.086 | 4.652 |
| | | | |
| Fee and commission income | 38 | 3.583 | 2.894 |
| Fee and commission expense | 42 | ( 819 ) | ( 604 ) |
| Net fee and commission income | | 2.764 | 2.290 |
| | | | |
| Dividend, share in result of associates and joint ventures and other investment income | | 292 | 263 |
| Realised capital gains (losses) on investments | 36 | 2.154 | 712 |
| Other realised and unrealised gains and losses | 37 | 1.339 | 805 |
| Other income | 39 | 270 | 273 |
| Total income, net of interest expense | | 11.905 | 8.995 |
| | | | |
| Change in impairments | 41 | ( 158 ) | ( 209 ) |
| Net revenues | | 11.747 | 8.786 |
| | | | |
| Expenses | | | |
| Staff expenses | 44 | ( 3.625 ) | ( 3.370 ) |
| Depreciation and amortisation of tangible and intangible assets | 43 | ( 350 ) | ( 308 ) |
| Other expenses | 45 | ( 2.341 ) | ( 1.924 ) |
| Total expenses | | ( 6.316 ) | ( 5.602 ) |
| | | | |
| Profit before taxation | | 5.431 | 3.184 |
| Income tax expense | 46 | ( 690 ) | ( 733 ) |
| Net profit for the period before discontinued operations | | 4.741 | 2.451 |
| | | | |
| Net gain (loss) on discontinued operations | 22 | | 253 |
| | | | |
| Net profit for the period | | 4.741 | 2.704 |
| | | | |
| Net profit attributable to minority interests | | 9 | 11 |
| Net profit attributable to shareholders | | 4.732 | 2.693 |

# 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* | *Shareholders' equity* | *Minority interests* | *Total* |
|---|---|---|---|---|---|---|---|---|---|
| Balance at 31 December 2004 | 3.112 | 4.889 | 2.245 | ( 28 ) | | 2 298 | 12.516 | 191 | 12.707 |
| Net profit for the period | | | | | 2.693 | | 2.693 | 11 | 2.704 |
| Revaluation of investments | | | | | | 454 | 454 | 1 | 455 |
| Translation differences | | | | 43 | | ( 3 ) | 40 | 3 | 43 |
| Other | | | 93 | | | | 93 | 17 | 110 |
| **Subtotal** | | | 93 | 43 | 2.693 | 451 | 3.280 | 32 | 3.312 |
| Transfer | | | | | | | | | |
| Dividend paid | | | ( 706 ) | | | | ( 706 ) | ( 15 ) | ( 721 ) |
| Balance at 31 December 2005 | 3.112 | 4.889 | 1.633 | 15 | 2.693 | 2 749 | 15.091 | 208 | 15.299 |
| Net profit for the period | | | | | 4.732 | | 4.732 | 9 | 4.741 |
| Revaluation of investments | | | | | | ( 1 819 ) | ( 1.819 ) | ( 1 ) | ( 1.820 ) |
| Translation differences | | | | ( 163 ) | | | ( 163 ) | ( 7 ) | ( 170 ) |
| Other | | | 15 | | | | 15 | 3 | 18 |
| **Subtotal** | | | 15 | ( 163 ) | 4.732 | ( 1 819 ) | 2.765 | 4 | 2.769 |
| Transfer | | | 2.693 | | ( 2.693 ) | | | | |
| Dividend paid | | | ( 1.155 ) | | | | ( 1.155 ) | ( 15 ) | ( 1.170 ) |
| Balance at 31 December 2006 | 3.112 | 4.889 | 3.186 | ( 148 ) | 4.732 | 930 | 16.701 | 197 | 16.898 |

# Consolidated cash flow statement

| | 2006 | 2005 |
|---|---|---|
| Cash and cash equivalents - at 1 January | 25.594 | 24.835 |
| Profit before taxation | 5.431 | 3.437 |
| | | |
| *Adjustment to reconcile profit to cash generated by operating activities:* | | |
| Net realised gains (losses) on sales | ( 2.140 ) | ( 780 ) |
| Net unrealised gains (losses) | 267 | ( 8 ) |
| Income of associates and joint ventures (net of dividends received) | ( 60 ) | ( 287 ) |
| Depreciation and amortisation | 473 | ( 2.096 ) |
| Provisions and impairments | 143 | 340 |
| Share based compensation expense | | |
| | | |
| *Changes in operating assets and liabilities:* | | |
| Assets and liabilities held for trading | 6.064 | ( 3.648 ) |
| Due from banks | ( 9.499 ) | ( 16.526 ) |
| Due from customers | ( 10.468 ) | ( 44.949 ) |
| Other receivables | 860 | ( 2.976 ) |
| Due to banks | 1.919 | 49.220 |
| Due to customers | ( 2.075 ) | 30.639 |
| Net changes in all other operational assets and liabilities | ( 3.626 ) | ( 5.386 ) |
| Income tax paid | ( 212 ) | ( 433 ) |
| Cash flow from operating activities | ( 12.923 ) | 6.547 |
| | | |
| Investing Activities within the Group | 2.571 | ( 218 ) |
| Purchase of investments | ( 75.674 ) | ( 55.912 ) |
| Proceeds from sales and redemptions of investments | 68.490 | 47.965 |
| Purchases of investment property | ( 220 ) | ( 82 ) |
| Proceeds from sales of investment property | 25 | 28 |
| Investments in associates and joint ventures | ( 202 ) | ( 68 ) |
| Proceeds from sales of associates and joint ventures | 5 | 57 |
| Purchases of property, plant and equipment | ( 357 ) | ( 265 ) |
| Proceeds from sales of property, plant and equipment | 36 | 145 |
| Acquisition of subsidiaries, net of cash acquired | ( 126 ) | ( 835 ) |
| Divestments of subsidiaries, net of cash sold | 150 | ( 73 ) |
| Purchase of intangible assets | ( 237 ) | ( 48 ) |
| Proceeds from sales of intangible assets | | 5 |
| Change in scope | 48 | |
| Cash flow from investing activities | ( 5.491 ) | ( 9.301 ) |
| | | |
| Proceeds from the issuance of debt certificates | 61.928 | 60.150 |
| Payment of debt certificates | ( 45.419 ) | ( 57.175 ) |
| Proceeds from the issuance of subordinated liabilities | 2.622 | 2.321 |
| Payment of subordinated liabilities | ( 1.268 ) | ( 916 ) |
| Proceeds from the issuance of other borrowings | 2.030 | 1.175 |
| Payment of other borrowings | ( 4.960 ) | ( 1.458 ) |
| Proceeds from the issuance of shares | | |
| Purchases of treasury shares | | |
| Sales of treasury shares | | |
| Dividends paid to shareholders | ( 1.170 ) | ( 721 ) |
| Repayment of capital (including minority interests) | | 1 |
| Cash flow from financing activities | 13.763 | 3.377 |
| | | |
| Foreign exchange differences on cash and cash equivalents | ( 151 ) | 136 |
| | | |
| Cash and cash equivalents - 31 December | 20.792 | 25.594 |
| | | |
| **Supplementary disclosure of operating cash flow information** | | |
| *Interest received* | *65.048* | *61.750* |
| *Dividend received* | *123* | *119* |
| *Interest paid* | *( 59.926 )* | *( 59.093 )* |

# General Notes

# 1. Accounting policies

## 1.1 General

The Fortis Bank consolidated financial statements, including the 2005 comparative figures, are prepared in accordance with IFRSs – including International Accounting Standards ('IAS') and Interpretations – at 31 December 2006 and as adopted by the European Union. For IAS 39, *Financial Instruments: Recognition and Measurement* this takes into account the exclusion regarding hedge accounting (the so-called 'carve-out') decreed by the European Union on 19 November 2004.

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

## 1.2 Accounting estimates

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

Judgments and estimates are principally made in the following areas:
- estimation of the recoverable amount of impaired assets
- determination of fair values of non-quoted financial instruments
- 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
- estimation of present obligations resulting from past events in the recognition of provisions.

## 1.3 First – time adoption of IFRS

IFRS 1, *First-time Adoption of International Financial Reporting Standards*, requires the retrospective application of IFRS when an entity is first adopting IFRS. However, to ease the implementation of IFRS, the standard provides entities with twelve optional exemptions.

Fortis Bank applies IFRS for the first time in 2006, which is one year later than its parent Fortis (2005). A subsidiary that becomes a first-time adopter later than its parent is allowed to measure its assets and liabilities at the carrying amounts that would be included in the parent's consolidated financial statements, based on the parent's date of the transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This means that Fortis Bank will use the carrying amounts as used for the preparation of the Fortis consolidated financial statement opening balances as at 1 January 2004.

Fortis Bank has decided to use the following exemptions:

**Business combinations**: This exemption allows entities not to apply IFRS 3, *Business Combinations*, retrospectively to past business combinations. Fortis Bank has decided to take advantage of this exemption and therefore, applies the provisions of IFRS 3, *Business Combinations*, to all business combinations occurring on or after 1 January 2004. Accordingly, business combinations that occurred prior to 1 January 2004 – and the goodwill that was included in equity - are not restated under IFRS.

**Employee benefits:** Under IAS 19, *Employee Benefits*, entities may elect to use a 'corridor' approach that leaves some actuarial gains and losses within defined limits unrecognised. Retrospective application of this approach requires an entity to split the cumulative actuarial gains and losses from the inception of the plan until the date of transition to IFRS into a recognised portion and an unrecognised portion. However, entities may elect to recognise all cumulative actuarial gains and losses at the date of transition to IFRS. Fortis Bank has decided to take advantage of this exemption and therefore doesn't apply IAS 19 retrospectively, and recognises all actuarial gains and losses as at 1 January 2004. Fortis Bank applies the corridor approach prospectively from this date.

**Cumulative Translation Differences**: IAS 21, *The Effects of Changes in Foreign Exchange Rates,* requires entities to classify some translation differences as a separate component of equity, and on disposal of a foreign operation, to transfer the cumulative translation difference for that foreign operation (including, if applicable, gains and losses on related hedges) to profit or loss as part of the gain or loss on disposal. However, entities have the option to not comply with these requirements for cumulative translation differences that existed at the date of transition to IFRS. '
Consequently, the cumulative translation differences for all foreign operations are deemed to be zero at the date of transition to IFRS, and the gain or loss on a subsequent disposal of any foreign operation shall exclude translation differences that arose before the date of transition to IFRS. Fortis Bank takes advantage of this exemption.

**Designation of Previously Recognised Financial Instruments**: IAS 39, *Financial Instruments: Recognition and Measurement,* permits a financial instrument to be designated on initial recognition as a financial asset or financial liability at fair value through profit or loss or as a financial asset available for sale. Entities have the option to make such a designation at the date of transition to IFRS. Fortis Bank takes advantage of this exemption and designates some previously recognised financial assets as held at fair value through profit or loss or available for sale and some previously recognised financial liabilities as held at fair value through profit or loss as at 1 January 2004.

## 1.4 Changes in accounting policies

The accounting policies used to prepare these 2006 consolidated annual financial statements are consistent with those applied for the year ended 31 December 2005.

On 11 January 2006 the European Commission endorsed IFRS 7, *Financial Instruments: Disclosures*, as well as some changes to other standards. IFRS 7 will be applied by Fortis Bank as from the financial year 2007 and will have an impact on disclosures, but not on recognition or measurement. Changes in other standards had no material impact on Fortis Bank.

On 12 January 2006 the IASB published IFRIC 8, *Scope of IFRS 2* and on 1 March 2006 IFRIC 9, *Reassessment of embedded derivatives*. These were endorsed by the European Commission on 8 September 2006. Neither of these had a material impact on Fortis Bank in 2006.

On 8 May 2006 the European Commission endorsed IFRIC 7, Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies, and the Amendment to IAS 21, The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation. Neither of these had a material impact on Fortis Bank in 2006.

On 20 July 2006 the IASB published IFRIC 10, *Interim Financial Reporting and Impairment*. This interpretation is already in line with the accounting policies of Fortis Bank.

The IASB has also published 2 IFRICs and an IFRS that will only be applicable as from 2008/2009:

- IFRIC 11, *IFRS 2: Group and Treasury Share Transactions*, published on 2 November 2006, applicable as from the financial year 2008.
- IFRIC 12, Service Concession Agreements, published on 30 November 2006, applicable as from the financial year 2008.
- IFRS 8, Operating Segments, published on 30 November 2006, applicable as from the financial year 2009.

## 1.5 Segment reporting

**Primary reporting format – business segments**

The primary format for reporting segment information is based on business segments. The reportable business segments of Fortis Bank represent groups of assets and operations engaged in providing financial products or services, which are subject to differing risks and returns.

Fortis Bank is organised on a world-wide basis into 3 business segments:

- Retail Banking
- Commercial & Private Banking
- Merchant Banking

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

On 12 October 2006 Fortis announced that it would implement organisational changes to support the evolution of its growth strategy. The modified organisation is fully operational as of 1 January 2007. Fortis will start to report according to the new organisational structure as of the first quarter of 2007.

**Secondary reporting format – geographical segments**

A geographical segment is engaged in providing products or services within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

Fortis's Bank geographical segments for reporting purposes are as follows:

- Benelux (Belgium, The Netherlands, Luxembourg)
- Other European Countries
- North America
- Asia
- Other

## 1.6 Consolidation principles

**Subsidiaries**

The consolidated financial statements include those of the S.A. – N.V. Fortis Banque – 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 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. Subsidiaries acquired exclusively with a view to resale are accounted for as non-current assets held for sale (see 1.22).

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.

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 equity 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. The investment is recorded at the share of Fortis Bank in the net assets of the associate. The ownership share of net income for the year is recognized as investment income and the share of Fortis Bank in the investment's post-acquisition direct equity movements are recognized in equity.

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

Adjustments are made to the financial statements of the 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 are only recognised to the extent that Fortis Bank has incurred legal or constructive obligations or made payments on behalf of an associate.

## 1.7 Foreign currency

The consolidated financial statements are stated in euros, which is the functional currency of Fortis Bank.

**Foreign currency transactions**

For individual entities of Fortis Bank, foreign currency transactions 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 for monetary items.

Translation of non-monetary items depends on whether the non-monetary items 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 values are determined.

The resulting exchange differences are recorded in the income statement as foreign currency gains (losses), except for those non-monetary items whose fair value change is recorded as a component of equity.

The distinction between exchange differences (recognised in the income statement) and unrealised fair value results (recognised in equity) on available-for-sale financial assets is determined according to the following rules:

- the exchange differences are determined based on the evolution of the exchange rate calculated on the previous balances in foreign currency, and
- the unrealised (fair value) results are determined based on the difference between the balances in euros of the previous and the new period, converted at the new exchange rate.

**Foreign currency translation**

On consolidation, the income statement and cash flow statement of entities whose functional currency is not denominated in euros are translated into the presentation currency of Fortis Bank (euros), at average daily exchange rates for the current year (or exceptionally at the exchange rate at the date of the transaction if exchange rates fluctuate significantly) and their balance sheets are translated using the exchange rates prevailing at the balance sheet date. Translation exchange differences are recognised in equity under the heading 'currency translation reserve'. 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.

Exchange differences arising on monetary items, borrowings and other currency instruments, designated as hedges of a net investment in a foreign entity are recorded in equity (under 'currency translation reserve') in the consolidated financial statements, until the disposal of the net investment, except for any hedge ineffectiveness that is immediately recognised in the income statement.

Goodwill and fair value adjustments arising on 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 the heading ‘currency translation reserve’ until disposal of the foreign entity when a recycling to the income statement takes place.

## 1.8 Trade and settlement date

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, 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 time frame established by regulation or market convention are recognised as derivative forward transactions until settlement.

## 1.9 Offsetting

Financial assets and liabilities are offset and the net amount reported on the balance sheet if 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.

## 1.10 Classification and measurement of financial assets and liabilities

Fortis Bank classifies financial assets and liabilities based on the business purpose of entering into these 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:

a. 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.

b. Held-to-maturity investments consist of instruments with fixed or determinable payments and fixed maturity for which the 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.

c. 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, and
   (ii) financial assets 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, or 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.

d. Available-for-sale financial assets are those that are otherwise not 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:

a. 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, and
   (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, or
      - 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.

b. 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.

## 1.11 Fair value of financial instruments

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. Such techniques include market prices of comparable investments, discounted cash flows, option pricing models and market multiples valuation methods. In the rare case where it is not possible to determine the fair value of a financial instrument, it is accounted for at cost.

On 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.

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 from 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 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 upon Fortis's Bank current incremental lending rates for similar type loans. For variable-rate loans that reprice frequently and have no significant change in credit risk, fair values are approximated by the carrying amount. Option pricing models are used for valuing caps and prepayment options embedded in loans that have been separated according to IFRS.

- Off-balance-sheet commitments or guarantees are fair valued based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the counterparties' credit standings.

- For short-term payables and receivables, the carrying amounts are considered to approximate fair values.

## 1.12 Measurement of impaired assets

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

The carrying amount of impaired assets is reduced to its 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 in a subsequent period the amount of the impairment on assets other than goodwill or available-for-sale equity instruments decreases, due to an event occurring after the write-down, the amount is reversed by adjusting the impairment and is recognised in the income statement.

### Financial assets

A financial asset (or group of financial assets) is impaired if 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, amongst others, the consideration whether the fair value is substantially below cost at the balance sheet date, or has been below cost for a prolonged period at the balance sheet date.

Depending on the type of financial asset, the recoverable amount can be estimated as follows:
- the fair value using an observable market price;
- present value of expected future cash flows discounted at the instrument's original effective interest rate (for financial assets carried at amortised cost); or
- based on the fair value of the collateral.

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

### Goodwill and other intangible assets

See 1.21: 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 continuing use of an asset and from its disposal at the end of its useful life.

## 1.13 Cash and cash equivalents

### Content
Cash and cash equivalents comprise cash on hand, freely available balances with central banks and other financial instruments with less than three months maturity from the date of acquisition.

### 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 as cash flows from operating activities in the cash flow statement. Dividends received are classified as cash flows from operating activities. Dividends paid are classified as cash flows from financing activities.

## 1.14 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. Debt securities acquired on the primary market directly from the issuer are recorded as loans, provided there is no active market for those securities. 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 or upon first-time adoption of IFRS.

### Measurement
Incremental costs incurred and loan origination fees earned in securing a loan are deferred and amortised over the life of the loan as an adjustment to the yield.

### Impairment
A credit risk 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 or, alternatively, the collateral value less costs to sell if the loan is secured.

An 'incurred but not reported' (IBNR) impairment on loans is recorded when there is objective evidence that incurred losses are present in components of the loan portfolio, without having specifically identified impaired loans. This impairment is estimated based upon historical patterns of losses in each component, reflecting the current economic climate in which the borrowers operate and taking into account the risk of difficulties in servicing external debt in some foreign countries based on an assessment of the political and economic situation.

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

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.

## 1.15 Sale and repurchase agreements and lending/borrowing securities

Securities subject to a repurchase agreement ('repos') 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. 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. 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.

## 1.16 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, or
- 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, or
- 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) results 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'.

## 1.17 Investments

Management determines the appropriate classification of its investment securities at the time of the purchase. Investment securities with a fixed maturity 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 of time, which may be sold in response to needs 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 to be held for trading. Any investment, other than investments in equity instruments without a quoted market price in an active market, may be designated on initial recognition as a financial instrument at fair value through profit or loss. Once an asset has been designated as held at fair value through profit or loss it cannot be transferred to a different category.

Held-to-maturity investments are carried at amortised cost less any impairment changes. Any difference between the initial recognition amount resulting from transaction costs, initial premiums or discounts is amortised over the life of the investment using the effective interest method. If a held-to-maturity investment is determined to be impaired, the 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 unless the asset is hedged by a derivative. If an investment is determined to be impaired, the impairment is recognised in the income statement. For 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 is reversed, with the amount of the reversal recognised in the income statement. Impairments recognised in the income statement for an investment in an equity instrument classified as available for sale are not reversed through the income statement.

Available-for-sale investment securities that are hedged by a derivative are carried at fair value with movements recognised through the income statement for the part attributable to the hedged risk 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, the property is treated as investment property only if Fortis Bank holds an insignificant portion for its own use.

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 for each significant part separately (component approach) and are reviewed at each year end.

Fortis Bank rents its investment property under various non-cancellable rental contracts. Certain contracts contain renewal options for various periods of time; the rental income associated with these contracts is recognised on a straight-line basis over the rental term as investment income.

Transfers to, or from, investment property are only made when there is a change of use:

- into investment property at the end of owner-occupation, or at the start of an operating lease to a another party, or at the end of construction or development
- out of 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, 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 activity at the balance sheet date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

## 1.18 Leases

**Fortis Bank as a lessor**

Assets leased under operating leases are included in the consolidated balance sheet (1) under investment property (buildings), and (2) under property, plant and equipment (equipment and motor vehicles). They are recorded at cost less accumulated depreciation. 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 amount of the leased asset and recognised as an expense over the lease term on the same basis as the rental income.

Fortis Bank has also entered into finance leases, in which substantially all the risks and rewards related to ownership of the leased asset, other than legal title, are transferred to the customer.

When assets held are subject to a finance lease, the present value of the lease payments and any guaranteed residual value is recognised as a receivable. The difference between the gross receivable and the present value of the receivable 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 in respect of finance leases. Initial direct costs incurred by Fortis Bank are included in the finance lease receivable and allocated against lease interest income over the lease term.

**Fortis Bank as a lessee**

Fortis Bank principally enters into operating leases for the rental of equipment and land and buildings. Payments made under such leases are typically charged to the income statement principally 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 takes place.

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 recorded 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 depreciated over the shorter of its estimated useful life or the lease term. The corresponding lease obligation, net of finance charges, is recorded as borrowings. The interest element of the finance 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.

## 1.19 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.

## 1.20 Property, plant and equipment

All real estate held for own use and fixed assets are stated at cost less accumulated depreciation (except for land that is not depreciated) and any accumulated impairment losses. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction. Generally, 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 property, plant and equipment are determined for each significant part separately (component approach) and are reviewed at each year end.

Repairs and maintenance expenses are charged to the income statement 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 borrowing costs to finance the construction of property, plant and equipment: see 1.33 'Borrowing costs'.

## 1.21 Goodwill and other intangible assets

**Goodwill**

Acquisitions of companies are accounted for using the purchase method of accounting. Goodwill represents the excess of the fair value of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination over interest of Fortis Bank 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 as an intangible asset. 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. It is not amortised, but instead is tested for impairment. Goodwill arising on the acquisition of an associate is presented as part of the investment in the associate.

Any excess of the acquired interest in the net fair value of the acquiree's assets, liabilities and contingent liabilities over 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 changes in circumstances indicate that such carrying value may not be recoverable. If such indication exists, the recoverable amount is determined for the cash-generating unit to which goodwill belongs. This amount is then compared to the carrying amount of the cash-generating unit and an impairment loss is recognised if the recoverable amount is less than the carrying amount. Impairment losses are recognised immediately in the income statement.

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 on the basis of 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, each exchange transaction is treated separately by Fortis Bank. The cost of each transaction is compared to the fair value of each transaction 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 in applying the equity method to the investment.

### Other intangible assets

An intangible asset is an identifiable non-monetary asset and 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.

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
- 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 for computer hardware that cannot operate without that specific software, such as the operating system, is an integral part of the related hardware and it 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 for which Fortis Bank can demonstrate all of the above-mentioned criteria are capitalised as an intangible asset and amortised using the straight-line method over the estimated useful life.

Other intangible assets include intangible assets with definite 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 at each reporting date for indicators of impairment.

Indefinite-lived intangible assets, 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.

## 1.22 Non-current assets held for sale and discontinued operations

Non-current assets or a group of assets and liabilities 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 is a part of Fortis Bank that has been disposed of or is classified as held for sale and meets the following criteria:

- represents a separate major line of business or geographical area of operations;
- 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 the lower of its carrying amount and fair value less costs to sell, and are separately presented on the balance sheet.

Results on discontinued operations are presented separately in the income statement.

## 1.23 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). These financial instruments have values that change in response to change in various underlying variables, 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 the trade date:

- derivatives held for trading in ‘assets held for trading’ and ‘liabilities held for trading’
- 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 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. Hybrid financial instruments include reverse convertible bonds (bonds whose repayment may take the form of equities) or 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 should be separated from the host contract and measured at fair value as a stand-alone derivative. Changes in the fair value are recorded in the income statement. The host contract is accounted for and measured applying the rules of the relevant category of the 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 is not separated and the hybrid financial instrument is 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 hedging instruments 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 whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Only assets, liabilities, firm commitments or highly probable forecast transactions that involve a party external to Fortis Bank are designated as hedged items.

The change in fair value of a hedged asset or liability that is attributable to the hedged risk and 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 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 is amortised using the new effective interest rate calculated on the hedge discontinuance date.

Fair value hedge accounting is applied as from 1 January 2005 for portfolio hedges of interest rate risk (‘macro hedging’). Macro hedging implies that a group of derivatives (or proportions) are viewed in combination and jointly designated as the hedging instrument. Although the portfolio may, for risk management purposes, include assets and liabilities, the amount designated is an amount of assets or an amount of liabilities. In this context, the starting difference between the fair value and the carrying value of the hedged item at designation of the hedging relationship is amortised over the remaining life of the hedged item. 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. Under this version, the impact of the changes in the estimates of the repricing dates is only considered ineffective if it leads to underhedging.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity under the caption ‘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 are transferred to the income statement directly.

For net investment hedges see 1.7 Foreign currency.

## 1.24 Securitisations

Fortis Bank securitises various consumer and commercial financial assets. These securitisations may take the form of a sale of the related assets or a credit risk transfer through the use of funded credit derivatives to special purpose entities. 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.

## 1.25 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 own shares of Fortis Bank 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 carry a mandatory coupon, or are redeemable on a specific date or at the option of the shareholder, including those preferred 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.

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

In 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 determine whether they exhibit the fundamental characteristic of a financial liability.

## 1.26 Employee benefits

**Pension liabilities**

Fortis Bank operates a number of 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 an 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 Fortis Bank pays fixed contributions.

Qualified actuaries calculate the pension assets and liabilities at least annually.

For defined benefit plans, the pension costs and related pension asset or liability 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 to spread the pension cost over the service lives of employees. The pension liability is measured at the present value of the estimated future cash outflows using 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. 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 this 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 separated from Fortis Bank or its creditors. If these criteria are not met, the assets are included in the relevant item on the balance sheet (such as investments, property, plant and equipment). If the assets meet the criteria, they are netted against the pension liability.

When the fair value of the plan assets is netted against the present value of the obligation 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 are not pension plans, are measured at present value using the projected unit credit method.

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

### Other post-retirement liabilities

Some of the Fortis Bank companies provide post-retirement employee benefits to retirees such as preferential interest rate loans 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 compensation benefits (or 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 on the grant date based on the fair value of the options and restricted shares and is recognised over the vesting period of the options and restricted shares.

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

### 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 lose the benefit of receiving a preferential rate upon termination of employment, at which time the interest rate on the loan is 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 at Fortis Bank, this benefit is taken into account in 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.

## 1.27 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 a reliable estimate can be made at the balance sheet date. Provisions are established for certain guarantee contracts for which Fortis Bank is responsible to pay upon default of payment. Provisions are estimated based on all relevant factors and information existing at the balance sheet date, and typically are discounted at the risk-free rate.

### 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.

**Commitments**

Loan commitments that allow for draw down of a loan within the timeframe generally established by regulation or convention in the market place are not recognised as derivative financial instruments. Loan commitments that are designated as 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**

Financial guarantee contracts that 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 variable, and non-financial variables which are not specific to a party to the contract, are accounted for as derivatives.

Financial guarantee contracts requiring Fortis Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due are accounted for as insurance contracts if significant insurance risk is transferred to Fortis Bank.

## 1.28 Equity

**Share capital and treasury shares**

*Share issue costs*

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

**Other equity components**

Other elements recorded in equity are related to:

- first-time adoption (see 1.3)
- direct equity movements associate (see 1.6)
- foreign currency (see 1.7)
- available-for-sale investments (see 1.17)
- cash flow hedges (see 1.23)

## 1.29 Interest income and expense

Interest income and interest expense are recognised in the income statement for all interest-bearing instruments (whether classified as held to maturity, available for sale, held at fair value through profit or loss or derivatives) 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 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.

## 1.30 Realised and unrealised gains and losses

For 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. Realised gains and losses on sales are included in the income statement in the caption ‘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 into equity are transferred to the income statement upon derecognition or upon the financial asset becoming impaired.

## 1.31 Fees and commission income

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 are generally recognised as revenue as 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 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.

## 1.32 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.

## 1.33 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 for the asset and borrowing costs are being incurred; and
- 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 is 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 rate on that borrowing is used. Otherwise, a weighted average cost of borrowings is used.

## 1.34 Income tax expense

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, 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.

# 2. Impact of IFRS on the balance sheet, shareholder's equity and the income statement of Fortis Bank

The effects of the transition from Belgian Accounting Principles (Belgian GAAP) to IFRS on the balance sheet, the shareholders' equity and income statement are as follows (all amounts are in millions of euros and before tax impact unless otherwise stated):

## 2.1 Reconciliation of shareholders' equity

The reconciliation of shareholders' equity in the transition from Belgian GAAP to IFRS may be presented as follows:

| | *31 December 2005* | *31 December 2004* |
|---|---|---|
| Belgian GAAP shareholders' equity | 12.039 | 10.394 |
| Real estate | 335 | 328 |
| Financial instruments | 1.049 | 239 |
| Fund for general banking risks | 1.759 | 1.756 |
| Pensions | ( 1.098 ) | ( 963 ) |
| Provisions | 128 | 105 |
| Goodwill | ( 79 ) | ( 328 ) |
| Taxation | 53 | ( 24 ) |
| Insurance companies | 1.038 | 783 |
| Other | ( 134 ) | 227 |
| IFRS shareholders' equity | 15.090 | 12.517 |

### Real estate

As under Belgian GAAP, Fortis Bank values its real estate under IFRS at the historical cost less depreciation and any impairments. However because amortisation rates are different under IFRS (use of "component approach") shareholders' equity increased by EUR 335 million (December 2004: EUR 328 million).

### Financial instruments

The main effects on the financial instruments are as follows.

*Debt securities*

Under IFRS Fortis Bank records most debt securities as 'available-for-sale', which are held at fair value with changes in fair value recognised directly in equity. This differs from the method used under Belgian GAAP, where debt securities are carried at amortisatised cost

This revaluation caused shareholders' equity to increase by EUR 2.411 million (December 2004: EUR 2.568 million).

*Shares*

Under IFRS shares that form part of the investment portfolio are valued at fair value and unrealised changes in value are recorded in equity.
Under Belgian GAAP, shares are valued at lower of cost or market. As a result shareholders' equity has increased by EUR 355 million (December 2004: EUR 109 million).

*Derivatives*

Under IFRS derivatives held for risk management purposes must be recorded in the balance sheet at fair value.
Under Belgian GAAP, these derivatives are not recorded in the balance sheet, other than as accruals and deferrals. As a result, shareholders' equity decreased by EUR 1884 million (December 2004: EUR 2.183 million).

*Loans*

The country risk provisions that existed under Belgian GAAP were not IFRS compliant. On the contrary, under IFRS provisions are made to cover "incurred but not yet reported" credit losses. As a result, shareholders' equity decreased by EUR 153 million (December 2004: EUR 149 million).

*Financial assets and liabilities designated at fair value through P&L*

In accordance with IAS39, Fortis Bank has designated some financial assets and liabilities at fair value through profit and loss to eliminate or to reduce accounting mismatches or because these financial instruments contain one or more embedded derivative. As a result, shareholders' equity increased by EUR 320 million (December 2004: decreased with EUR 106 million)

**Fund for general banking risks**

Unlike Belgian GAAP, IFRS does not allow a fund for general banking risks. Therefore, shareholders' equity increased by the balance of the fund; (December 2005: EUR 1.759 million ; December 2004: EUR 1.756 million). Deferred tax is not recognised in relation to the fund for general banking risks.

**Pensions**

Fortis Bank has used the option provided under IFRS to add or charge pension-related actuarial gains and losses that have not yet been recognised in the profit and loss account to shareholders' equity in full. As a result, shareholders' equity has been reduced by EUR 1.098 million (December 2004: EUR 963 million).

**Provisions**

Under IFRS provisioning is subject to stricter rules than under Belgian GAAP. As a result, under IFRS a number of provisions for expected costs and risks have been released to equity.
As a result, shareholders' equity increased by EUR 128 million (December 2004: EUR 105 million).

**Goodwill**

Applying the optional exemption provided under IFRS 1, *First-time Adoption of International Financial Reporting Standards*, goodwill recognised under Belgian GAAP before 01/01/04 has been deducted from shareholder's equity. Goodwill arising as from 2004 has been capitalised under IFRS and is reviewed annualy for impairment. Under Belgian GAAP goodwill relating to acquisitions prior to 2002 is also charged directly to net equity. As from 2002 goodwill has been capitalised and amortised over its useful life using the straight-line method. The net impact related to goodwill on shareholder's equity is a reduction in shareholders' equity with EUR 79 million (December 2004: decrease of EUR 328 million).

**Taxation**

Deferred taxes relating to IFRS adjustments amounted to EUR 53 million (December 2004: decrease of EUR 24 million).

**Insurance**

Insurance companies are included as equity associates as well under Belgian GAAP as under IFRS. The available for sale portfolio is valued under IFRS at fair value, where it is carried at amortised cost under Belgian GAAP. This results in an increase of equity of EUR 1.038 million (December 2004: EUR 783 million).

**Other**

In 2004, the final dividend paid by Fortis Bank (EUR 352 million) was not deducted from the IFRS shareholders' equity , while the Belgian GAAP equity was reported after final dividend distribution.

## 2.2 Reconciliation of balance sheet under Belgian GAAP and IFRS

The differences between the balance sheets under Belgian GAAP and IFRS are as follows.

| | | | *31 December 2005* |
|---|---|---|---|
| | *Belgian GAAP* | *IFRS* | *Difference* |
| Assets | | | |
| Cash and cash equivalents | 4.270 | 25.594 | 21.324 |
| Due from banks | 91.524 | 80.054 | ( 11.470 ) |
| Due from customers | 273.395 | 277.862 | 4.467 |
| Trading assets | 39.301 | 62.830 | 23.529 |
| Investments | 132.201 | 136.033 | 3.832 |
| Other assets | 53.206 | 56.842 | 3.636 |
| Assets- discontinued operations | - | 2.097 | 2.097 |
| Total assets | 593.897 | 641.312 | 47.415 |
| | | | |
| Liabilities | | | |
| Trading liabilities | 25.384 | 50.755 | 25,371 |
| Due to banks | 166.341 | 174.780 | 8.439 |
| Due to customers | 274.847 | 263.285 | ( 11,562 ) |
| Debt certificates | 49.627 | 76.827 | ( 27.200 ) |
| Subordinated liabilities | 12.285 | 12489 | ( 204 ) |
| Other borrowings | - | 5.023 | 5.023 |
| Accruals and other liabilities | 52.637 | 42.854 | ( 9.783 ) |
| Total liabilities | 581.121 | 626.013 | 44.892 |
| | | | |
| Shareholders' equity | 12.039 | 15.092 | 3.053 |
| Minority interests | 737 | 207 | ( 530 ) |
| Total equity | 12.776 | 15.299 | 2.523 |
| | | | |
| Total liabilities and equity | 593.897 | 641.312 | 47.415 |

| | | | 31 December 2004 |
|---|---|---|---|
| | *Belgian GAAP* | *IFRS* | *Difference* |
| Assets | | | |
| Cash and cash equivalents | 4.145 | 24.835 | 20.690 |
| Due from banks | 71.7156 | 63.056 | ( 8.660 ) |
| Due from customers | 206.768 | 225.507 | 18.739 |
| Trading assets | 37.871 | 60.329 | 22.458 |
| Investments | 110.574 | 120.878 | 10.304 |
| Other assets | 54.444 | 47.450 | ( 6.994 ) |
| Total assets | 485.518 | 542.055 | 56.537 |
| | | | |
| Liabilities | | | |
| Trading liabilities | 22.390 | 51.667 | 29.277 |
| Due to banks | 118.094 | 123.257 | 5.163 |
| Due to customers | 227.550 | 226.657 | ( 893 ) |
| Debt certificates | 42.142 | 71.550 | 29.408 |
| Subordinated liabilities | 10.934 | 11.062 | 128 |
| Other borrowings | - | 3.377 | 3.377 |
| Accruals and other liabilities | 53.296 | 41.778 | ( 11,518 ) |
| Total liabilities | 474.406 | 529.348 | 54.942 |
| | | | |
| Shareholders' equity | 10.394 | 12.516 | 2.122 |
| Minority interests | 718 | 191 | ( 527 ) |
| Total equity | 11.112 | 12.707 | 1.595 |
| | | | |
| Total liabilities and equity | 485.518 | 542.055 | 56.537 |

The increase in the IFRS balance sheet total by EUR 47 billion as per 31 December 2005 (December 2004: EUR 56 billion) is mainly attributable to:

- the recognition of risk management derivatives and debt securities in the balance sheet at fair value as well as the recognition of transactions on the trade date instead of on the settlement date (impact: plus EUR 18 billion - (December 2004: EUR 25 billion));
- the more restricted rules for offsetting financial assets and liabilities. As a consequence, amounts due from customers and amounts due to customers have increased by approximately EUR 7 billion (December 2004: EUR 6 billion);
- the extension of the consolidation scope with the securitisation vehicles of Fortis Bank (impact: plus EUR 26 billion – (December 2004: EUR 28 billion)
- the valuation of the available for sale portfolio at fair value under IFRS (amortized cost under Belgian GAAP) (impact: plus EUR 2 billion – (December 2004: EUR 2 billion)
- Bank van de Post is fully consolidated under Belgian GAAP, while it is consolidated by equity method under IFRS (impact: minus EUR 5 billion – (December 2004: minus EUR 5 billion))

The increase in cash and cash equivalents under IFRS is attributable to the fact that investments and amounts due from banks and customers originally payable within three months are recognised as cash. Under Belgian GAAP these were recorded as part of the respective balance sheet items.

The value of the trading assets and liabilities has increased due to the reclassification of accrued interest on derivatives from accrued interest to trading assets and liabilities and the recognition in the balance sheet of risk management derivatives.

Fortis Bank has disposed of its investment in Fortis Bank Insurance in the first quarter of 2006. In accordance with IFRS5, this investment is shown in a seperate caption of the balance sheet at its carrying value.

Minority interests decrease under IFRS mainly as a result of the reclassification of non-cumulative preference shares issued by Fortis Capital Company Limited from minority interests under Belgian GAAP to debt certificates under IFRS (EUR 450 million in 2005 and 2004)

## 2.3 Reconciliation of the net result and the income statement under Belgian GAAP to IFRS

The following table shows the impact of the changeover from Belgian GAAP to IFRS on the income statement:

| | *Full year 2005* | *Full year 2004* |
|---|---|---|
| Belgian GAAP net profit | 1.992 | 1.827 |
| Depreciation on real estate | 39 | 47 |
| Financial instruments | 653 | ( 1.090 ) |
| Provisions | ( 42 ) | ( 158 ) |
| Goodwill | 137 | 110 |
| Taxation | ( 271 ) | 381 |
| Insurance companies | ( 1 ) | ( 4 ) |
| Other | 186 | 66 |
| IFRS net profit | 2.693 | 1.179 |

### Depreciation of real estate

Like under Belgian GAAP, Fortis Bank values its real estate under IFRS at historical cost less depreciation and any impairments. Amortisation rates under IFRS differ mainly because of the use of the "component approach" for buildings.

### Financial instruments

The main effects on the financial instruments are as follows.

*Derivatives*

Under IFRS all derivatives (including the risk management derivatives that remained outside the balance sheet under Belgian GAAP) are recorded in the balance sheet at fair value. This increases the volatility in the income statement as compared with Belgian GAAP : net profit increases in 2005 by EUR 444 million while it decreases in 2004 by EUR 1.108 million. Under IFRS changes in the fair value of derivatives are included in realised and unrealised capital gains and losses.

*Other Financial Instruments*

Fortis Bank takes advantage of the "fair value option" under IFRS, as a result of which certain amounts due from customers, due to customers, debt certificates and subordinated liabilities are revalued through profit or loss.

### Provisions

Under IFRS provisioning is subject to stricter rules than under Belgian GAAP. As a result, under IFRS a number of provisions for expected costs and risks have been released to equity.

The costs that were charged to these provisions under Belgian GAAP are included in the income statement under IFRS and consequently reduce the result.

### Goodwill

Under Belgian GAAP goodwill has been capitalised and amortised over its useful life using the straight-line method as from 2002, while under IFRS goodwill has been capitalised as from 2004 and is not amortised but is subject to impairment testing. The impact of the elimination of amortisation of goodwill under IFRS is to incresase net profit by EUR 137 million (December 2004: EUR 110 million).

### Taxation

Deferred tax on IFRS adjustments resulted into an income tax expense for an amount of EUR 271 million in 2005 and an income tax benefit of EUR 381 million in 2004.

### Insurance companies

Under Belgian GAAP and IFRS subsidiaries with insurance activities are reported using the equity method**.**

### Other

Other includes mainly repayment penalties which are amortised over the remaining period of the loan under Belgian GAAP but immediately recognised as revenue under IFRS.

## 2.4 Reconciliation of the income statement under Belgian GAAP to IFRS

The differences between the income statement under Belgian GAAP and IFRS are as follows.

| | | | *Full Year 2005* |
|---|---|---|---|
| | *Belgian GAAP* | *IFRS* | *Difference* |
| Income | | | |
| Interest income | 33.423 | 64.695 | 31.272 |
| Realised and unrealised gains/losses | 540 | 1.517 | 977 |
| Fee and commission income, net | 2.194 | 2.290 | 96 |
| Other income | 1.650 | 536 | ( 1.114 ) |
| Revenues on discontinued operations | - | 253 | 253 |
| Total income | 37.807 | 69.291 | 31.484 |
| | | | |
| Expenses | | | |
| Interest expenses | ( 28.810 ) | ( 60.043 ) | ( 31.233 ) |
| Change in impairments | ( 236 ) | ( 209 ) | 27.3 |
| Operating expenses | ( 6.267 ) | ( 5.603 ) | 664 |
| Total expenses | ( 35.313 ) | ( 65.855 ) | ( 30.542 ) |
| | | | |
| Profit before taxation | | | |
| and minority interests | 2.494 | 3.437 | 943 |
| Taxation | ( 464 ) | ( 733 ) | ( 269 ) |
| Net profit before minority interests | 2.030 | 2.704 | 674 |
| Minority interests | 38 | 11 | ( 26 ) |
| Net profit | 1.992 | 2.693 | 701 |

| | Full Year 2004 | | |
|---|---|---|---|
| | *Belgian GAAP* | *IFRS* | *Difference* |
| Income | | | |
| Interest income | 38.880 | 52.353 | 13.473 |
| Realised and unrealised gains/losses | 647 | ( 399 ) | ( 1.046 ) |
| Fee and commission income, net | 1.977 | 2.120 | 142 |
| Other income | 868 | 700 | ( 168 ) |
| Total income | 42.372 | 54.773 | 12.401 |
| | | | |
| Expenses | | | |
| Interest expenses | ( 34.341 ) | ( 47.827 ) | ( 13.486 ) |
| Change in impairments | ( 264 ) | ( 279 ) | ( 15 ) |
| Operating expenses | ( 5.310 ) | ( 5.273 ) | ( 37 ) |
| Total expenses | ( 39.915 ) | ( 53.379 ) | ( 13.464 ) |
| | | | |
| Profit before taxation | | | |
| And minority interests | 2.457 | 1.394 | ( 1.063 ) |
| Taxation | ( 582 ) | ( 201 ) | 381 |
| Net profit before minority interests | 1.875 | 1.193 | ( 682 ) |
| Minority interests | 49 | 14 | ( 35 ) |
| Net profit | 1.826 | 1.179 | ( 647 ) |

## Interest income and interest expenses

Under IFRS interest income and interest expenses are higher because interest income and expenses related to trading derivatives are accounted for as interest instead of as results from financial transactions, as was the case under Belgian GAAP.

Under IFRS the interest margin is EUR 39 million higher (December 2004: EUR 13 million lower) then under Belgian GAAP, mainly due to the reclassification of dividend income on preferred shares from other income to to interest income, the reclassification of interest expense on preferred shares issued from minority interests to interest charges, and the reclassification of operational lease contrcats to finance lease contracts

## Realised and unrealised gains and losses

Realised and unrealised gains and losses are EUR 977 million higher (December 2004: EUR 1.046 million lower) because risk management derivatives are recognised in the profit and loss account (while remaining outside the balance sheet under Belgian GAAP) and because of the reclassification of the (net) interest expenses related to derivatives to the interest margin..

## Commission income

Net-commission income increases by EUR 96 million (December 2004: EUR 142 million). This is mainly due to the reclassification of income from funds under management from other income to fee and commission income.

## Other income

Other income is lower because the net profit of Fortis Bank Insurance and its subsidiaries (included in the Belgian GAAP and IFRS scope as equity associates) has been classified separately in accordance with IFRS5. A number of lease contracts have been reclassified under IFRS from operational lease contracts to financial lease contracts.

### Operating expenses

Under IFRS operating expenses are EUR 663 million lower (December 2004: EUR 37 million) because of :

- lower depreciation charges due to the reclassification of operational lease contracts as financial lease contracts;
- lower pension charges because deferred actuarial losses have been recognised in IFRS in net equity as per 1 January 2004;
- higher expenses (mainly in 2004) because of releases under Belgian GAAP of provisions that have been released to equity in the IFRS opening balance sheet;
- different netting of other income and other expenses;
- the different amortisation rates for land and buildings.

### Minority interests

Under Belgian GAAP the interest paid on non-cumulative preference shares issued by Fortis Capital Limited is treated as minority interests. Under IFRS these preference shares are classified as debt certificates and the interest charges are recorded in the interest margin (EUR 28 million in 2005 and 2004)

### Cash flow statement

Under Belgian GAAP no cash flow statement was required.

# 3 Acquisitions and divestments

Major and material acquisitions and divestments by Fortis Bank during 2006 and 2005 are reported below. The acquisition by Fortis Bank in 2006 of Fortis Energy Marketing & Trading and FB Energy Canada Corp. and of Fortis Bank Turkey in 2005 and the acquisition of a majority stake in a new asset management company in the U.S., trade name "Cadogan", are described in more detail below.
In 2006 Fortis Bank has sold its participation in Fortis Bank Insurance.

## 3.1 Fortis Energy Marketing & Trading and FB Energy Canada Corp.

Fortis Bank completed the acquisition of Cinergy Marketing & Trading, and Cinergy Canada, Inc, from Duke Energy early October 2006. Previously, both companies were together referred to as CMT. CMT was a Houston, Texas based marketing and trading platform operating in all key North American energy markets. Fortis Bank renamed the new trading entities to Fortis Energy Marketing & Trading (FEMT) in the U.S. and FB Energy Canada Corp. (FBECC) in Canada.

FEMT's and FBECC's power and natural gas trading activities are organized into regional desks across the USA and Canada. FEMT and FBECC employ 200 persons, in their Houston based headquarters, and 25 persons in the Calgary. FEMT and FBECC results will be reported within the Merchant Banking segment.

The purchase price was EUR 356 million (USD 451 million) which includes the base purchase price and the value of the current trading portfolio. The total cash paid includes CMT's estimated net working capital at time of close. . The primary factors contributing to the recognition of goodwill (EUR 138 million) include proprietary and customized integrated systems for physical and financial commodities trading, proven and established front/back office platform and infrastructure, and trading expertise in the financial and physical commodity trading industry.

The impact of the acquisition of FEMT and FBECC on Fortis's consolidated balance sheet was at acquisition date as follows:

| Assets | | Liabilities | |
|---|---|---|---|
| Cash and cash equivalents | 242 | Liabilities held for trading | 417 |
| Assets held for trading | 579 | Due to banks | 149 |
| Due from banks | 27 | Due to customers | 351 |
| Due from customers | 31 | Other borrowings | 88 |
| Intangibles | 138 | Total liabilities | 1.005 |
| Accrued interest and other assets | 344 | Minority interests | |
| | | Cost price | 356 |
| Total assets | 1.361 | Total liabilities and minority interests | 1.361 |

Recognised in the balance sheet upon acquisition and included in Intangible assets is an amount of EUR 138 million as goodwill. Accrued interest and other assets relates to accrued revenues for the physical gas and power trading activities due from the FEMT/FBECC client base

FEMT and FBECC contributed during the fourth quarter of 2006 EUR 2 million to the net profit attributable to shareholders of Fortis Bank.

## 3.2 Fortis Bank AS

On 4 July 2005 Fortis Bank acquired 89.4% of the shares of Disbank, the seventh largest bank in Turkey with some 173 branches throughout the country. Disbank is active in the fields of retail banking and commercial and private banking and serves over one million customers. Disbank was renamed Fortis Bank AS.

On 23 September 2005, Fortis Bank made a public offer on all outstanding shares of Fortis Bank AS quoted on the exchange of Istanbul. The offer amounted to YTL 4.42 (EUR 2.73) per 1,000 shares and closed on 10 October; 3.9% of the outstanding shares were purchased by Fortis Bank. At year end 2005, Fortis Bank's interest in Fortis Bank AS came to 93.3% of the share capital of Fortis Bank AS.

The impact of the acquisition of Fortis Bank AS on Fortis Bank's consolidated balance sheet as per 4 July 2005 was as follows:

| Assets | | Liabilities | |
|---|---|---|---|
| Cash and cash equivalents | 323 | Liabilities held for trading | 17 |
| Assets held for trading | 179 | Due to banks | 1.579 |
| Due from banks | 314 | Due to customers | 2.445 |
| Due from customers | 2.449 | Other borrowings | 183 |
| Investments | 1.154 | | |
| Intangibles | 391 | Total liabilities | 4.224 |
| Accrued interest and other assets | 376 | Minority interests | 43 |
| | | Cost price | 919 |
| Total assets | 5.186 | Total liabilities and minority interests | 5.186 |

Recognised in the balance sheet upon acquisition and included in the goodwill and other intangible assets are EUR 333 million for goodwill and EUR 49 million for the credit card business of Fortis Bank AS. The acquisition was settled in cash.

The fair value of the intangible assets is based on the net discounted cash flow of the credit card business. The cash flows are based on:
- the average revenue per credit card (taking into account the expected defaults);
- the number of credit cards;
- the expected life of a credit card, and
- the operating cost to run the credit card business.

The discount factor used to calculate the cash flows is based on the cost of capital on the Turkish market.
Fortis Bank AS contributed EUR 351 million to total income and EUR 35 million to the net profit attributable to shareholders of Fortis Bank for the year 2005.

Fortis Bank AS, is active in all banking business segments of Fortis Bank in 2005 however all activities of Fortis Bank AS were reported in the segment information as Other Banking. As from 2006 onwards Fortis Bank AS is reported within all relevant banking business segments.

## 3.3 Cadogan

On 10 Novemver 2006, Fortis Investment Management Inc. and Cadogan Management LLC announced that they had entered into an agreement to combine their respective Fund of Hedge Funds activities in a new stand-alone asset management company. The business will trade under the name "Cadogan", with Fortis Investments as the majority shareholder, holding 70%.

The acquisition was completed end of December 2006. Cardogan results will be reported in the Retail Banking segment. The purchase price was EUR 119 million (USD 157 million) and the goodwill recognised in the balance sheet as Intangible assets upon acquisition was EUR 116 million.
The primary factors contributing to the recognised of the goodwill were the know-how of the Cadogan employees and their ability to leverage the new Fund of Hedge Funds capabilities and to generate future revenues.

The impact of the acquisition of Cadogan on Fortis's consolidated balance sheet the end of December 2006 was as follows:

| **Assets** | | **Liabilities** | |
|---|---|---|---|
| Cash and cash equivalents | 1 | Liabilities held for trading | |
| Assets held for trading | 2 | Due to banks | |
| Due from banks | | Due to customers | |
| Due from customers | | Other Liabilities | 10 |
| Investments | | | |
| Intangibles | 116 | Total liabilities | 10 |
| Accrued interest and other assets | 12 | Minority interests | 2 |
| | | Cost price | 119 |
| Total assets | 131 | Total liabilities and minority interests | 131 |

Accrued interest and other assets are fees charged to clients for asset management.

Cadogan did not contribute to the net profit attributable to shareholders in 2006 as the acquisition was not completed until the end of December 2006.

## 3.4 Other Acquisitions

In addition to the transactions above, Fortis made the following acquisitions in 2006 and 2005.

| *Acquired company* | *Quarter of acquisition* | *Acquisition amount* | *Percentage acquired* | *Capitalised intangible assets* | *Goodwill/ (negative goodwill)* | *Segment* |
|---|---|---|---|---|---|---|
| Fortis Lease SPA | Q1 2005 | 52 | 100 | 23 | 5 | C&P Banking |
| Atradius | Q4 2005 | 64 | 100 | | 36 | C&P Banking |
| Dryden | Q4 2005 | 79 | 100 | 7 | ( 17 ) | C&P Banking |
| Dreieck Industrie Leasing AG | Q1 2006 | 64 | 100 | 29 | 4 | C&P Banking |
| O'Connor & Company | Q1 2006 | 58 | 100 | | 14 | Merchant Banking |
| Von Essen KG Bankgesellschaft | Q1 2006 | 93 | 100 | 3 | 31 | Retail Banking |

The intangible assets and the goodwill (negative goodwill) are the initial amounts, converted to EUR 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, but excluding subsequent changes due to net exchange differences and other changes.

Except for the acquisition of Fortis Bank AS, the acquisitions did not have a substantial impact on the financial position and performance of Fortis.

## 3.5 Divestments

In 2006 Fortis Bank sold Fortis Bank Insurance.

The decision to sell Fortis Bank Insurance was taken in 2005. Therefore IFRS 5, Non-current Assets held for Sale and Discontinued Operations, has been applied.

## 3.6 Assets and liabilities of acquisitions and divestments

The table below provides details on the assets and liabilities resulting from the acquisitions or divestments of subsidiaries at the date of acquisition or divestment.

| | | 2006 | | 2005 |
|---|---|---|---|---|
| | *Acquisitions* | *Divestments* | *Acquisitions* | *Divestments* |
| Assets and liabilities of acquisitions and divestments | | | | |
| Cash and cash equivalents | 459 | ( 71 ) | 433 | |
| Assets held for trading | 592 | | 180 | |
| Due from banks | 155 | ( 2 ) | 326 | |
| Due from customers | 1.491 | | 3.131 | |
| Investments | 233 | ( 2.101 ) | 1.225 | |
| Other receivables | 79 | ( 27 ) | 409 | |
| Property, plant and equipment | 82 | ( 2 ) | 88 | |
| Goodwill and other intangible assets | 234 | | 495 | |
| Accrued interest and other assets | 369 | ( 139 ) | 234 | |
| Liabilities held for trading | 427 | | 103 | |
| Due to banks | 643 | | 2.280 | |
| Due to customers | 1.655 | | 2.562 | |
| Debt certificates | 1 | | | |
| Subordinated liabilities | 35 | | | |
| Provisions | | | 44 | |
| Current and deferred tax liabilities | 16 | ( 21 ) | 46 | |
| Accrued interest and other liabilities | 289 | ( 25 ) | 240 | |
| Unrealized gains and losses | | (761) | | |
| Minority interests | 2 | | 43 | |
| Net assets acquired / Net assets divested | 626 | (1.535) | 1.203 | |
| | | | | |
| Negative goodwill | | | 22 | |
| Gain (loss) on disposal net of taxes | | 1.449 | | |
| | | | | |
| Cash used for acquisitions / received from divestments: | | | | |
| Total purchase consideration / Proceeds from sale | ( 626 ) | 2.984 | ( 1.225 ) | |
| Less: Cash and cash equivalents acquired / divested | 459 | ( 71 ) | 433 | |
| Less: Non-cash consideration | | | | |
| Cash used for acquisitions / received for divestments | ( 167 ) | 2.913 | ( 792 ) | |

The various acquisitions did not have a substantial impact on the consolidated income statement regardless the timing of the transactions.

# 4 Shareholders’ equity

The following table shows the composition of shareholders’ equity at 31 December 2006:

| | |
|---|---|
| Share capital: | |
| - Ordinary shares: 160,404,065 shares issued | |
| | 3.112 |
| Share premium reserve | 4.889 |
| Unrealised gains and losses | 930 |
| Currency translation reserve | ( 148 ) |
| Other reserves | 3.186 |
| Net profit attributable to shareholders | 4.732 |
| Shareholders' equity | 16.701 |

## 4.1 Unrealised gains and losses included in shareholders’ equity

The unrealised gains and losses included in shareholders’ equity can be detailed as follows:

| | *Available for sale investments* | *Revaluation of associates* | *Cash Flow Hedges* | *Held for sale* | *Total* |
|---|---|---|---|---|---|
| *31 December 2006* | | | | | |
| Gross | 1.061 | 32 | 1 | | 1.094 |
| Related tax | ( 164 ) | | | | ( 164 ) |
| Minority interests | | | | | |
| Total | 897 | 32 | 1 | | 930 |
| | | | | | |
| *31 December 2005* | | | | | |
| Gross | 2.614 | 135 | 1 | 781 | 3.531 |
| Related tax | ( 763 ) | | | ( 20 ) | ( 783 ) |
| Minority interests | 1 | | | | 1 |
| Total | 1.852 | 135 | 1 | 761 | 2.749 |

The unrealised gains and losses in available for sale investments are further detailed in note 18.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedged are recognised as an unrealised gain or loss in shareholders’ equity. Any hedge ineffectiveness is immediately recognised in the income statement.

The table below shows changes in gross unrealised gains and losses included in equity for 2006 and 2005.

| | Available for sale investments | Revaluation of associates | Cash Flow Hedges | Held for sale | Total |
|---|---|---|---|---|---|
| Balance at 1 January 2006 | 2.614 | 135 | 1 | 781 | 3.531 |
| Gross unrealised gains (losses) | | | | | |
| Changes in unrealised gains (losses) during the period | ( 1.218 ) | ( 49 ) | | | ( 1.267 ) |
| Reversal unrealised gains (losses) because of sales | ( 349 ) | ( 17 ) | | | ( 366 ) |
| Foreign exchange differences | ( 6 ) | | | | ( 6 ) |
| Divestments of associates | | ( 20 ) | | ( 781 ) | ( 801 ) |
| Other | 20 | ( 17 ) | | | 3 |
| Balance at 31 December 2006 | 1.061 | 32 | 1 | | 1.094 |

| | Available for sale investments | Revaluation of associates | Cash Flow Hedges | Held for sale | Total |
|---|---|---|---|---|---|
| Balance at 1 January 2005 | 2.484 | 626 | | | 3.110 |
| Gross unrealised gains (losses) | | | | | |
| Changes in unrealised gains (losses) during the period | 575 | 321 | 1 | | 897 |
| Reversal unrealised gains (losses) because of sales | ( 467 ) | ( 53 ) | | | ( 520 ) |
| Foreign exchange differences | ( 3 ) | | | | ( 3 ) |
| Divestments of associates | 1 | | | | 1 |
| Other | 24 | ( 759 ) | | 781 | 46 |
| Balance at 31 December 2005 | 2.614 | 135 | 1 | 781 | 3.531 |

# 5 Minority interests

The following table provides information about the most significant minority interests in companies of Fortis Bank :

| | *% of minority interest* | *Amount at 31 December 2006* | *Amount at 31 December 2005* |
|---|---|---|---|
| Group company | | | |
| Fortis Bank AS (Turkey) | 6,7% | 43 | 46 |
| Moeara Enim | 30,3% | 140 | 147 |
| Fortis Banque Luxembourg S.A. | 0,1% | 3 | 4 |
| Other | | 12 | 11 |
| Total | | 198 | 208 |

# 6 Risk Management

## 6.1 Introduction

The risks of Fortis Bank are managed on the Fortis level, but with subsidiarity principle. This means that there is a strong link between the central Fortis level (the Fortis Central Risk Management department and the central risk committees) and the local Fortis Bank level (business line risk managers and business line risk committees). In this logic, the risks of the bank are incorporated in the central and the local risk management framework.

Advanced and comprehensive risk management is a prerequisite for achieving sustainable profitable growth. Fortis Bank recognises this and considers its risk management practice to be one of its core competencies. Fortis Bank continuously reviews and upgrades its risk management framework in order to align it with developments in the field and lessons learned in our own practice. Being able to demonstrate that adequate risk management procedures are in place is key to building and keeping the confidence of all external stakeholders: customers, analysts, investors, regulators and rating agencies.

Fortis Bank provides the reader with detailed information on our risk management philosophy, policies and organisation. Furthermore, Fortis Bank provides extensive quantitative information on each category of risk Fortis Bank faces.

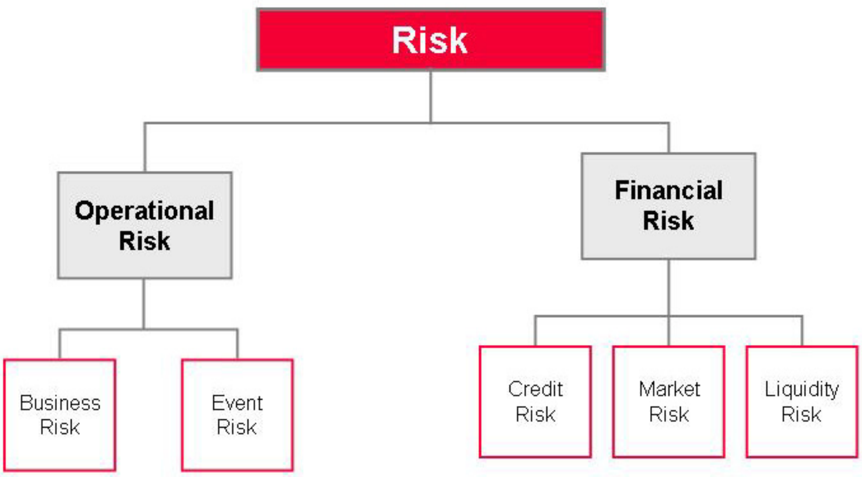
The risk management chapter gives an overview of:

- the various types of risk to which Fortis Bank is exposed, summarised in a risk taxonomy
- the risk management philosophy
- our risk management organisation
- the risk management approach for each of the various risk types Fortis Bank faces, including a quantitative and qualitative view on the risk exposure.

## 6.2 Fortis Bank Risk Taxonomy

Through its broad range of activities, Fortis Bank faces multiple types of risks. The Fortis Bank Risk Taxonomy was set up in order to classify the variety of risks and provide a unique definition for each risk type.

Fortis Bank differentiates between 2 main categories of risks: operational risks and financial risks.



## Operational Risk

All companies face operational risks due to the inherent uncertainty in their operating activities, due either to external factors or uncontrolled internal factors. Operational risk is divided into two components, Event Risk and Business Risk.

## Event Risk

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 risk, but excludes strategic and reputation risk. Event Risk is and can be limited through appropriate management processes and controls.

## Business Risk

Business Risk is the risk of loss due to changes in the competitive environment that damage the franchise or operating economics of a business. Typically, the impact is seen through variation in volume, pricing or margins relative to a fixed cost base. Business Risk is externally driven, but can be mitigated by effective management practices.

## Financial Risk

Financial Risk encompasses three types of risk: credit risk, market risk and liquidity risk.

## 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 fail in some other way to perform as agreed. Credit risk cannot be measured or monitored in isolation from other risks, in particular, market, country and legal risks. Credit risk arises in lending, investing, trading and hedging activities.
Credit risk is the risk that a counterparty will fail to repay all or part of the principal and interest owed to the creditor. This failure may be caused either by the counterparty's non-payment ("Counterparty Risk") or by the imposition of transfer restrictions by the country in which the counterparty operates ("transfer risk"). Counterparty Risk arises primarily from borrowers, re-insurers and bond issuers, but also includes trading counterparties and foreign countries that are unable or unwilling to meet their obligations.

## Market Risk

Market Risk relates to the potential loss resulting from unfavourable market movements, which can arise from trading or holding investments in financial instruments. Fortis Bank subdivides Market Risk into two types, ALM Risk and Trading Risk, depending on the duration of the instruments covered. ALM and Trading Risk arises through the impact of changes in foreign exchange rates, interest rates, yield curve shifts, spreads, real estate prices and shares prices on the value of assets net of liabilities.

## Liquidity Risk

Liquidity Risk refers to a situation where any entity of Fortis Bank is unable to meet the cash demands of its deposit- other contract- and policyholders without suffering unacceptable losses in realising assets to fund its financial obligations as and when they fall due, both under normal and difficult circumstances. It is the risk that Fortis Bank does not have sufficient financial resources available to meet its obligations when they fall due, or is able to secure or sell its assets only at excessive cost.

## 6.3 Risk Management Philosophy

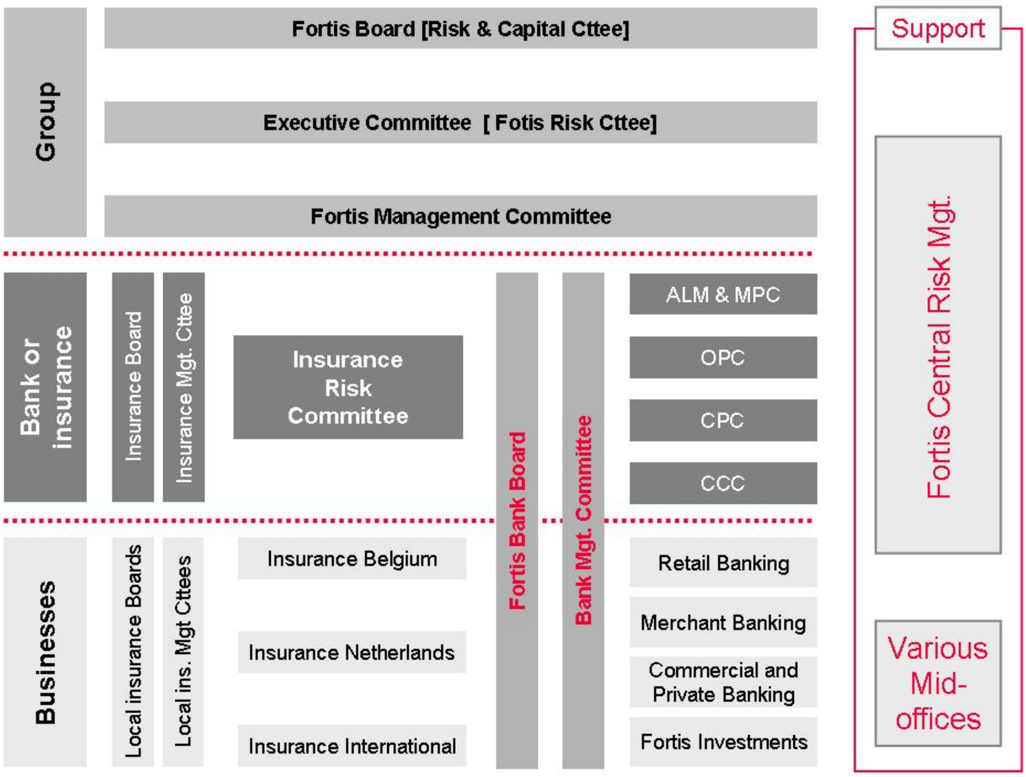
Fortis Bank has developed a common global risk management framework supported by central committees. Within this global risk management framework, which is explained in more detail in the next section, risk management and risk monitoring units are closely linked to each business (business risk management) and/or to specific geographical areas (local/country-level risk management). In conjunction with the Fortis Central Risk Management organisation, the CEO/CFO of each business has primary responsibility for the organisation and execution of risk management within that business. He or she will adhere to and implement policies developed and decisions taken by the central committees. The following section describes how this philosophy has been implemented at Fortis Bank.

## 6.4 Risk Management Organisation

Fortis Bank' risk management organisation has been designed to achieve the following objectives:

- To ensure (and to demonstrate that) independent risk management teams are in place throughout Fortis Bank.
- To ensure coherent risk-related decision-making between the business, country and group levels, with full coverage of risk issues.
- To formalise effective risk management policies and principles that govern risk management activities throughout Fortis Bank.
- To facilitate communication of risk-related actions across the Group.

The Fortis risk organisation comprises a Board-level risk committee, executive risk committees at group, business and country levels, one central risk department and decentralised risk offices in the businesses and at individual country level.



The various risk monitoring bodies within Fortis are discussed below:

*The Fortis Risk and Capital Committee (FRCC)*

The FRCC helps the Board to:

- understand the risks to which Fortis is exposed which are typically inherent in banking and insurance activities,
- oversee the effective management of these risks
- ensure the adequacy of Fortis' capital in relation to these risks and to the risks inherent in the operations as a whole.

*The Fortis Audit Committee*

The Audit Committee, on behalf of the Board of Directors, reviews at least once a year

- the quality and effectiveness of procedures and structures through which the risks within Fortis are managed
- the accounting policies relating to risk
- the capital assessment procedures
- the internal control system.

The Audit Committee reports to the Board of Directors at least once a year on these topics

*Senior Management Involvement*

The *Executive Committee* defines and periodically reviews the policies, rules and limits with respect to risk management and ensures that:

- policies, rules and limits are implemented in the Operating Companies and approved where necessary by the adequate corporate constituencies and
- senior management takes any steps necessary to
  - report, monitor and control risks and
  - risks are managed in accordance with the agreed policies and guidelines

The Executive Committee is regularly informed of any risk exposures in order to assess how each category of risk should be monitored. It has ultimate day-to-day responsibility for understanding the nature and level of the overall risks taken by Fortis.

The CEO reports to the Fortis Board on the risk profile and the capital adequacy of Fortis and makes proposals to the Fortis Board with regard to risk policies and rules and financing transactions of the Fortis group.

*The Fortis Risk Committee*

The Fortis Risk Committee supports the CEO and the Executive Committee in ensuring that the group understands its key risks and has comprehensive risk management mechanisms in place. A key role of the Fortis Risk Committee is to ensure the consistency of approach across the Group (bank, insurance and businesses) and that appropriate consideration has been given to Group-level issues at all levels.

### *Fortis Central Risk Management*

The Fortis Central Risk Management (FCRM) Department is headed by the Chief Risk Officer.
Its role is to:

- ensure that the Group has in place consistently high standards of risk management,
- maintain the executive management's awareness and understanding of the risks being taken,
- encourage optimisation of risk/return,
- support the work of the various Risk Committees,
- co-ordinate the implementation of risk initiatives,
- support the businesses on risk issues,
- measure Group-wide economic capital,
- validate risk models,
- measure and monitor ALM, at bank and insurance level.

Fortis Central Risk Management is also responsible for coordinating the communication with internal parties (Fortis Audit Services, Investor Relations) and external parties (rating agencies, investment analysts and regulators for issues that are not specific for operation companies).

Currently, the regulators supervise each insurance operating company and banking entity separately, and those operating companies continue to liaise directly with their local regulator on local operating company issues. By contrast, the presence of an integrated risk management framework across the banking and insurance activities has been one of Fortis' main strengths in the discussions held with the rating agencies.

The Fortis Bank Management Committee delegates the definition, implementation and control of risk management policies to the various central Risk Acceptance Committees.
These committees and their responsibilities are summarized below:

- The Central Asset and Liability Management and Market Policy Committee (ALM & MPC) defines balance sheet management policies and limits, monitors the balance sheet structure, approves ALM risk management structures, agrees on significant transactions affecting the balance sheet and signs off new products launched by the business lines. These tasks include the monitoring of market risk and market risk limits.
- The Central Operational 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.

### **Business level and country level**

Each business is responsible for managing its inherent risks within the limits, policies and guidelines set by regulators and by Fortis Central Risk Management.

Each business has a Business Risk Committee, which supports its Management Team in ensuring that key risks are well understood and that appropriate risk management procedures are in place.

Each business is responsible for managing its inherent risks and ensuring that it has comprehensive risk management systems in place which cover the full risk taxonomy.

## 6.5 Operational Risk Management

**Overview**

In the light of Basel II and corporate governance codes, Central Risk Management has defined a complete operational risk management framework, covering all dimensions of operational risk. This Operational Risk & Management Control (ORMC) framework encompasses policies for managing operational risk, the collection of loss events, risk self-assessments, scenario analyses, key risk indicators, embedding/use of scans, business continuity management, information security, risk transfer management and, where appropriate, the signing of management control statements.

The framework is presented in schematic form below.


The instruments in the red box (described below) are mainly concerned with Operational (Event) Risk management and are applicable for the banking businesses. The instruments in the grey box (described in the following sections) include Business Risk and are applicable for all businesses.

The Fortis Bank policy on the management and mitigation of Operational Event Risk sets out the framework and organisation (including roles and responsibilities) at company, business and country level. Global, local and country operational risk managers have been assigned for all bank-related businesses (including horizontal functions) and main countries. .

The Operational Risk & Management Control framework is implemented consistently throughout the whole of Fortis Bank. Each business and legal entity thus complies with the methodology and associated tooling, or integrates its business approach into that framework. Key elements of responsibility allocation include the following:

- At business (line) level: The business has primary responsibility for managing/ mitigating operational event risks in its cross-country operations. Adequate risk management requires the embedding of risk management in the lower echelons of the organisation (on-site).

- At country/legal entity level: The country/legal entity has responsibility for the local coordination and support of risk management/mitigation initiatives, coordination across businesses of the management/mitigation of event risk exposure, communication with regulators and supervisors and reporting to its Country Risk Committee or Country Management Team, respectively.

- At group level: Central Risk Management ensures that operational event risks are assessed, measured and managed across the banking businesses, and coordinates reporting processes to the appropriate Risk Committees (notably the Operational Risk Policy Committee) and Management Committees of the Businesses and the Bank.

**Operational risk identification, assessment, measurement, analysis, reporting and monitoring**

The Product Process Matrices represent at a high level the value chains of material products/services. These value chains are the most basic level used for loss data collection and risk self assessments.

To identify and analyse where operational risk exposures manifest themselves, the businesses continuously collect loss data (events above a threshold of thousand EUR), including causal information, in a central application called OPERA. In 2006 Fortis Bank did not experience any material operational losses.

Loss data collection is supplemented by external data through the ORX (Operational Risk data eXchange Association), which Fortis Bank co-founded. In ORX members exchange loss data information in a standardised, anonymous and quality-assured form.

Central Risk Management has developed a risk self-assessment method that covers a range of risks in order for the businesses to:

- assess annually the effectiveness of controls and the exposure to operational event risk in current product lines;
- assess risks that go beyond the scope of operational event risk (e.g. business impact as a result of discontinuity of activities, ineffective security measures and non-compliance with laws and regulations;
- underpin the signing of the management control statement.

The Operational Event risks assessed are related to their causes within the classes ‘people’, ‘process’, ‘systems’ and ‘external events’. The results of the risk self-assessments are entered in the central OPERA application.

In addition, scenario analyses are performed at the level of the business lines to evaluate their exposure to high-risk incidents. External sources such as ORX and the Fitch FIRST database are used to complete or enrich risk self-assessments, scenario analyses and stress tests.

For the more risk sensitive activities the business is starting up the definition, monitoring and analysis of their Key Risk Indicators, which will be integrated in the continuous management process of the Business unit concerned to initiate preventive actions before problems may materialise or escalate.

Periodically Central Risk Management performs a global survey to assess and establish the embedding and use of the operational risk management components of the ORFEUS framework. The scan results give an indication of the quality of operational risk management in the businesses compared with regulatory and internal criteria.

Central Risk Management models the operational event risk profile of business lines to calculate quarterly, both economic capital (at the level of business and business line) and regulatory capital (at legal entity level) for operational event risk. The main data source used, i.e. data from risk self-assessments, is provided by the business lines themselves. However, other data sources are also used in the Advanced Measurement Approach flow. This modelling is supported by a specific application, which will continue to evolve in line with industry practice.

Operational event risk-related information is reported, according to defined reporting lines, to various risk management units, e.g. risk management departments and committees at business and country level, to Central Risk Management and to the Operational Risk Policy Committee. Based on that information, executives manage their operational risk profile.

**Operating Control and Mitigation**

Fortis Bank has put in place a variety of processes to control and mitigate Operating Risks. These are briefly discussed in the following section.

*Risk reduction and transfer*

Management can decide

- to perform more broadly focused and more detailed assessments (methodologies are available for Business Continuity Management and Information Security),
- to avoid risks (e.g. divestments),
- to transfer risks (insurance, captives),
- to improve processes
- to accept risks.

*Business Continuity Management*

The Business Continuity Management approach (BCM) used by Fortis Bank is aligned to related regulations and the Fortis Bank Business Continuity Management Policy. In recognition of Fortis Bank' growth, increasing complexity in process interactions and rising expectations on the part of stakeholders such as suppliers, customers and regulators, the BCM Policy and Implementation Guide are reviewed on a regular basis.

The Business Continuity Organisation defines the responsibilities in the development and maintenance of the Business Continuity Plans (BCP) and also describes the mobilisation and roles of the different teams in the event of a crisis.

Each business, horizontal function and country is responsible for its own BCP. The Country Manager is in charge of the coordination and reports to the Board concerning Business Continuity in general and the efficiency of the BCP in particular.

Central Risk Management has a leading and coordinating responsibility and provides the organisational units with a comprehensive, generic implementation framework, supported by a Fortis BCM application.

On the basis of local information received, Central Risk Management creates an oversight and reviews/monitors the Business Continuity organisation, implementation, testing, incidents and residual risks.
Central Risk Management reports the consolidated view to the appropriate organisational levels.

Central Risk Management also implements an action programme in order to attain and maintain the required level of maturity for BCM. This action programme focuses on developing the cross-border strategy, providing guidance, challenge, implementation support and assistance to key staff involved with BCM, as well as dependencies between internal and external parties.

Adequate management attention has been given to pandemic risks such as avian flu, providing a detailed view on the time and workload resistance of critical activities, on the vulnerability to external suppliers, and on the overall measures to be taken.

*Information Security*

Fortis Bank has laid down a structured information security approach in the Fortis Bank Information Security Policy.
The framework of the Fortis Bank Information Security Policy consists of :

- The Information Security Policy Statement document, which defines the framework as well as the organisation and the responsibilities with regard to policy implementation. Mandatory security directives that apply to the entire Fortis Bank group and to third parties with which Fortis Bank exchanges information are also added.
- The Information Security Policy Reference document, which translates the international best practice ISO/IEC 17799:2005 into concrete policy statements for Fortis Bank.

The Fortis Bank Information Security Policy must be implemented on a “comply or explain” basis.

Responsibility for the design and implementation of the Information Security is delegated to the Operational Risk Policy Committee (OPC) for Fortis Bank and to the Insurance Risk Committee (IRC) for Fortis Bank’ insurance activities.

The OPC/IRC have specifically designated an Information Security Steering Committee, comprised of senior representatives of the businesses and horizontal functions to steer the policy implementation at strategic level. Fortis Bank Central Risk Management acts as the secretary of this committee.

The Fortis Bank Information Security Forum is comprised of Information Security Officers from businesses and horizontal functions. It aims at advising and reporting to the Information Security Steering Committee regarding implementation status and issues.

*Insurance and captives*

In accordance with industry practice, Fortis Bank has acquired insurance policies issued by third-party insurers and partly also through its captive reinsurance companies, which provide cover for claims and losses arising from the provision of professional services.

The current composition and structure of this insurance programme may be summarised as follows:

- Combined Bankers Blanket Bond, Computer Crime and Professional Indemnity for Fortis Bank
- The contract is placed on the external insurance market.
- Directors and Officers Liability Insurance
- Placed on the external insurance market, this cover is intended to protect the personal liability of the Directors and Officers of Fortis Bank at Group level in respect of claims made against them personally for wrongful acts solely by reason of their status of director or officer.
- Other insurance contracts in place;
  - Property Insurance including Terrorism cover
  - General Liability
  - Workers' Compensation

*Management Control Statements*

While Operational Risk Management focuses mainly on operational event risks, Management Control is chiefly concerned with Business Risk (including strategic and reputation issues) although the methods of risk assessment, control assessment and remediation of weaknesses are similar. Furthermore, operational risk management and management control are interrelated. The results of the operational (event) risk 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 Central Risk Management. The management teams sign their Management Control Statements and formulate action plans (if necessary) to improve steering/control. Central Risk Management coordinates reporting on the follow-up on those action plans.

## 6.6 Financial Risk Management

As a financial institution, Fortis Bank is faced in particular with a variety of financial risks. The management of credit risk, market risk and liquidity risk is extensively discussed below.

### 6.6.1 Credit Risk

*Credit Risk Management*

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

Principles and framework comprise the core values and parameters that define Fortis Bank' risk tolerance and characterise its credit culture. These are universal and, with the exception of the Credit Risk Strategy - embedded in the Credit Risk Charter, which is subject to change in response to market developments and business strategy - have a constant character. Cross-business policies, business-specific policies and instructions have a dynamic character. 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.

The basis for effective credit risk management is the identification of existing and potential credit risk inherent in any product or activity. This process includes the gathering of all relevant information concerning the product offered, the counterparties involved and all 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 the risk classification on the Fortis Bank Master scale;
- analysis of the possibilities of fulfilling the counterparty's obligations by some 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 conditions that Fortis Bank applies for the acceptance of credit customers. These conditions reflect the general acceptable credit risk profile that Fortis Bank has determined.
Fortis Bank operates in accordance with sound, well-defined credit-granting criteria in order to avoid reputational risk 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.

Authorised persons or committees take a credit decision, based on this credit opinion. 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 organise and condition the decision-making process regarding the acceptance and management of counterparty risk. The underlying principle in the setting of these rules is the need to strike an optimum balance (in terms of overall profitability) between two opposite drivers, namely the maximising of the decision-taking autonomy of the Businesses on the one hand and the reduction of counterparty risk on the other.

Credit analysis and decision apply to any change in credit risk, as well as to regular reviews of existing credit risk. The monitoring of credit risk is a permanent and automatic control which is performed on credit exposures and events with the primary purpose of early detection and reporting of potential credit problems.

Risk surveillance consists of the 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 problem credits 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. Intensive Care also provides valuable input and 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 future all other means have to be applied in order to fulfil this counterparty's obligations towards Fortis Bank such as selling or realising receivables, collateral or guarantees.

*Credit Risk exposure*

Fortis Bank's overall credit risk exposure (before collateral held and other credit enhancements) at 31 December can be summarised as follows:

| | 2006 | 2005 |
|---|---|---|
| Cash and cash equivalents (see note 14) | 20.792 | 25.594 |
| Assets held for trading | | |
| Debt securities | 22.453 | 20.983 |
| Derivative financial instruments | 21.550 | 23.871 |
| Total assets held for trading (see note 15) | 44.003 | 44.854 |
| Due from banks | | |
| Interest bearing deposits | 4.964 | 4.159 |
| Loans and advances | 5.613 | 2.282 |
| Reverse repurchase agreements | 49.592 | 55.831 |
| Securities lending transactions | 24.425 | 13.785 |
| Other | 4.843 | 4.029 |
| Total due from banks (see note 16) | 89.437 | 80.086 |
| Due from customers | | |
| Government and official institutions | 5.313 | 7.781 |
| Residential mortgages | 89.322 | 80.098 |
| Consumer loans | 10.226 | 9.431 |
| Commercial loans | 110.650 | 93.646 |
| Reverse repurchase agreements | 37.649 | 61.074 |
| Securities lending | 22.091 | 17.307 |
| Other | 12.827 | 10.896 |
| Total due from customers (see note 17) | 288.078 | 280.233 |
| Interest bearing investments | | |
| Treasury bills | 591 | 459 |
| Government bonds | 68.069 | 73.639 |
| Corporate debt securities | 26.427 | 23.916 |
| Mortgage backed securities | 9.932 | 13.289 |
| Other asset backed securities | 26.407 | 18.390 |
| Total interest bearing investments (see note 18) | 131.426 | 129.693 |
| Other receivables (see note 19) | 6.127 | 7.040 |
| Total credit risk exposure on balance | 579.863 | **567.500** |
| Off balance credit commitments exposure (see note 47) | 165.204 | 119.479 |
| Total credit risk exposure | 745.067 | **686.979** |

When excluding the impact of the diminishing Reverse Repurchase and Securities lending portfolio, loans and advances to customers increased by EUR 26 billion (12%) during 2006. This increase was supported by all Banking segments: Retail Banking with 15% mainly residential mortgage loans, Commercial and Private Banking with 14% and Merchant Banking with 23% mainly commercial loans.

Off-balance sheet credit risk exposure is detailed in note 47.

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. However, a right to set-off may not meet the criteria for offsetting under IAS/IFRS rules. 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.

| | *2006* | *2005* |
|---|---|---|
| Total credit risk exposure subject to a legally enforceable right of set-off | | |
| Due from customers | 9.972 | 10.164 |
| Other assets | | |
| Total credit risk exposure subject to a legally enforceable right of set-off | 9.972 | **10.164** |
| | | |
| Credit risk exposure reduced by virtue of a master netting arrangement | 47.282 | 35.257 |

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

Fortis Bank applies the ‘total one obligor’ concept. This implies that groups of connected counterparties are regarded as a single counterparty in the management of credit risk. To manage the concentration of credit risk, Fortis Bank’s credit risk management policy aims to spread the credit risk across several sectors and countries. The table below shows Fortis Bank’s industry concentration of the customer credit portfolio as at 31 December 2006 and 2005:

| | | *2006* | | *2005* |
|---|---|---|---|---|
| | *Due from customers* | *Total %* | *Due from customers* | *Total %* |
| Agriculture, forestry and fishing | 805 | 0.28% | 626 | 0.22% |
| Energy and water | 4.596 | 1.60% | 4.624 | 1.65% |
| Metallurgic & non-metallic minerals | 4.033 | 1.40% | 1.295 | 0.46% |
| Chemicals and plastics | 4.327 | 1.50% | 2.014 | 0.72% |
| Metal works | 2.694 | 0.94% | 2.114 | 0.75% |
| Other manufacturing | 15.248 | 5.29% | 13.696 | 4.89% |
| Construction and engineering | 5.545 | 1.92% | 2.818 | 1.01% |
| Distribution, hotels and catering | 10.004 | 3.47% | 8.513 | 3.04% |
| Transport | 5.489 | 1.91% | 4.335 | 1.55% |
| Communication | 1.472 | 0.51% | 1.421 | 0.51% |
| Real estate | 12.652 | 4.39% | 7.405 | 2.64% |
| Shipping | 3.993 | 1.39% | 2.269 | 0.81% |
| Trade and commodity finance | 2.984 | 1.04% | 1.579 | 0.56% |
| Other services | 17.132 | 5.95% | 13.775 | 4.92% |
| Public administrations | 4.536 | 1.57% | 5.522 | 1.97% |
| Government and official institutions | 6.459 | 2.24% | 7.782 | 2.78% |
| Financial institution & services to firms (incl. insurance) | 81.679 | 28.35% | 104.840 | 37.41% |
| Monetary intermediations | 1.055 | 0.37% | 1.762 | 0.63% |
| Private persons | 98.942 | 34.35% | 89.277 | 31.86% |
| Unclassified | 4.433 | 1.54% | 4.566 | 1.63% |
| **Total** | **288.078** | 100,00% | **280.233** | 100,00% |

Loans to private persons represent mainly residential mortgage loans (90%) and to a lesser extent consumer loans (10%). Financial institutions, include holdings, investment companies and insurance companies but are excluding banks. The decrease with regard to previous year is related to the reverse repurchase and securities lending portfolio. The higher concentration in real estate is mainly due to organic growth and reclassification.

The geographical distribution of Fortis Bank’s credit risk exposure can be presented based on location of the Fortis Bank company involved or based on the location of the customer.

The table below sets out the concentration of credit risk based on the location of the Fortis Bank Company at 31 December:

| | 2006 | | 2005 | |
|---|---|---|---|---|
| | Credit risk exposure on balance | Total percentage | Credit risk exposure on balance | Total percentage |
| Location of Fortis company | | | | |
| Benelux | 469.521 | 81,0% | 467.675 | 82,4% |
| Other European countries | 56.761 | 9,8% | 40.921 | 7,2% |
| North America | 41.875 | 7,2% | 47.687 | 8,4% |
| Asia | 10.539 | 1,8% | 10.413 | 1,8% |
| Other | 1.167 | 0,2% | 804 | 0,1% |
| **Total** | **579.863** | **100,0%** | **567.500** | **100,0%** |

The table below sets out the concentration of credit risk as at 31 December by location of the customer:

| | 2006 | | 2005 | |
|---|---|---|---|---|
| | Credit risk exposure on balance | Total percentage | Credit risk exposure on balance | Total percentage |
| Location of customer | | | | |
| Benelux | 236.764 | 40,8% | 224.191 | 39,5% |
| Other European countries | 253.660 | 43,7% | 243.395 | 42,9% |
| North America | 68.497 | 11,8% | 77.194 | 13,6% |
| Asia | 11.193 | 1,9% | 10.942 | 1,9% |
| Other | 9.749 | 1,7% | 11.778 | 2,1% |
| **Total** | **579.863** | **100,0%** | **567.500** | **100,0%** |

The increase of the residential mortgage loan portfolio was concentrated in the Benelux while the increase of the commercial loans portfolio largely contributed to the growth in Other European countries. Credit exposure in North America decreased due to a drop in Reverse Repurchase and Securities lending transactions partly offset by a growth in commercial loans of EUR 3,3 billion.

The table below provides information at 31 December on concentration of credit risk by location of customer and type of counterparty.

| | | | | | | 2006 |
|---|---|---|---|---|---|---|
| | Government and official institutions | Credit institutions | Corporate customers | Retail customers | Other | Total |
| On-balance sheet interest | | | | | | |
| Benelux | 26.470 | 10.583 | 90.714 | 95.020 | 13.977 | 236.764 |
| Other European countries | 51.942 | 90.272 | 79.909 | 4.415 | 27.122 | 253.660 |
| North America | 894 | 13.525 | 46.927 | 61 | 7.089 | 68.496 |
| Asia | 257 | 4.942 | 4.623 | 271 | 1.099 | 11.192 |
| Other | 273 | 2.445 | 5.997 | 158 | 878 | 9.751 |
| **Total on-balance** | **79.836** | **121.767** | **228.170** | **99.925** | **50.165** | **579.863** |

In this table, Government and Official institutions include mandatory reserve deposits with central banks (EUR 4,6 billion). Credit Institutions comprises Due from banks and debt securities issued by banks. Trading assets are reported in the column “Other”.

Policy matters related to individual counterparties identify groups of counterparties, financing techniques or products, which require special treatment and/or restricted delegation rules on decision-making in the credit-granting and management process.

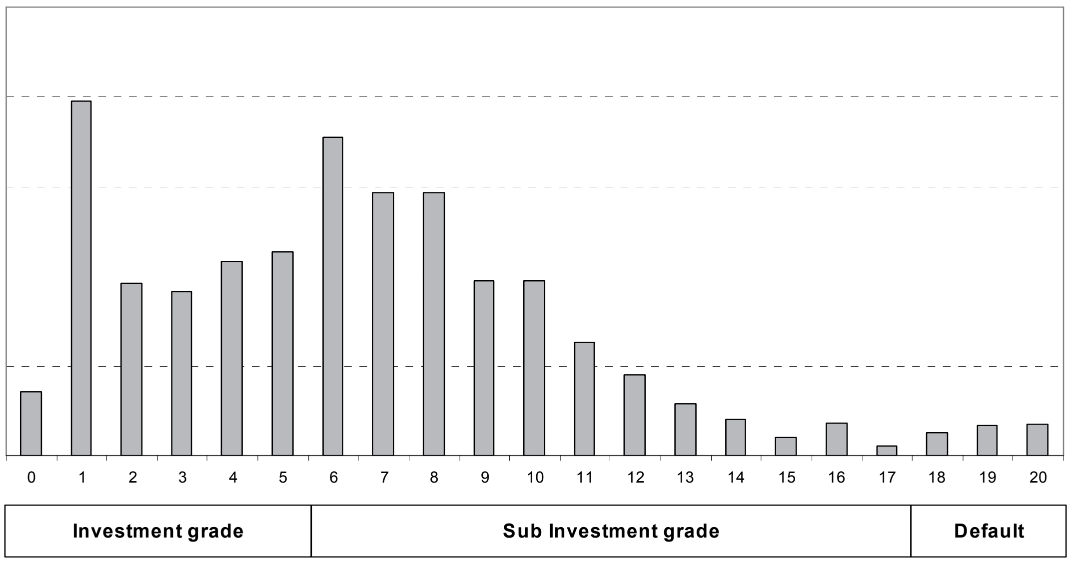
The principle of those matters has been set up from the perspective of general prudence in order to decrease the counterparty default risk and to control, manage, minimise the reputation risk in the credit-granting activity.

**Credit Risk rating** is a classification that results from a qualified assessment and formal evaluation, based on:

- analysis of each obligor's financial history, more specific and its ability to meet debt obligations
- the quality and safety 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.

The ultimate goal of the Risk Rating Assignment Process is to calculate the Expected Loss within one year, for every given borrower or asset.

The Fortis Bank Master scale ranges from 0 to 20 and gives an indication of the probability that a counterparty will default within one year. Master scale ratings from 0 to 5 are investment grade ratings, 6 to 17 are sub-investment grade ratings and 18 to 20 are impaired loans ratings. The next table (in EUR) gives information on the quality of individually rated loans and credit commitments to customers (reverse repurchase agreements and securities lending transactions not included) according to the Fortis Bank Master scale model.




The investment grade category represents 42% of the loan and commitment portfolio in scope, the sub-investment grade category stands for 55% and the defaulted or impaired loans amount to 3%.

The following table outlines the credit quality by investment grade of Fortis Bank's debt securities at 31 December, based on external ratings.

| | 2006 | | 2005 | |
|---|---|---|---|---|
| | *Carrying value* | *Percentage* | *Carrying value* | *Percentage* |
| Investment grade | | | | |
| AAA | 72.448 | 55,1% | 66.564 | 51,3% |
| AA | 39.583 | 30,1% | 41.901 | 32,3% |
| A | 15.982 | 12,2% | 16.612 | 12,8% |
| BBB | 900 | 0,7% | 603 | 0,5% |
| Investment grade | 128.913 | 98,1% | 125.680 | 96,9% |
| Below investment grade | 1.142 | 0,9% | 1.072 | 0,8% |
| Unrated | 1.371 | 1,0% | 2.941 | 2,3% |
| Total net investments in interest bearing securities | 131.426 | 100,0% | 129.693 | 100,0% |
| Impairments | 11 | | 22 | |
| **Total gross investments in interest bearing securities** | **131.437** | | **129.715** | |

When compared to the previous year, the spread across the rating categories moved towards higher AAA-rated debt securities.

Problem loans are exposures for which the counterparty has become impaired, but include also exposures for which signals have been detected indicating that the counterparty may become impaired in the future.
Problem loans are classified into different risk classes for individual counterparties or arrear buckets for groups of aggregated counterparties in order to sharpen their monitoring and review. Problem loans with ratings 18, 19 and 20 have defaulted and are impaired. Those with rating 0 to 17 have not defaulted and are still considered performing. Because of the accrued risk profile of problem loans, an adapted involvement of the risk Management functions is required by the handling of these loans:

A financial asset will be 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 that can be considered as loss events include situations where:
- the counterparty is unlikely to pay its credit obligations to Fortis Bank in full, 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 breached an advised limit or been advised of a limit smaller than that currently outstanding).

In practice, Fortis Bank uses a set of obligatory and judgement-based triggers that can lead to classification as impaired. The final decision on declassification is always subject to expert judgement. Obligatory triggers include bankruptcy, chapter 11 (and equivalent) and 90 days' past due. Judgement-based triggers include (but are not limited to) negative equity, regular payment problems, improper use of credit lines, legal action by other creditors, … These triggers are complementary to the judgement of an expert.

The restructuring of of a loan can affect different elements of the loan structure such as tenor, collateral mix, pricing, etc. On its own, a loan restructuring process is not a trigger for transferring a loan from impaired to normal status, and any such restructured loan will therefore retain its impaired status after restructuring.

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

| | 2006 | | | 2005 | | |
|---|---|---|---|---|---|---|
| | *Impaired outstanding* | *Impairments for specific credit risk* | *Coverage ratio* | *Impaired outstanding* | *Impairments for specific credit risk* | *Coverage ratio* |
| Cash and cash equivalents | | | | | | |
| Interest bearing investments | 17 | ( 11 ) | 64,7 | 34 | ( 22 ) | 64,7 |
| Due from banks | 26 | ( 17 ) | 65,4 | 43 | ( 18 ) | 41,9 |
| *Due from customers* | | | | | | |
| Government and official institutions | 10 | ( 6 ) | 60,0 | 13 | ( 12 ) | 92,3 |
| Residential mortgages | 1.300 | ( 46 ) | 3,5 | 1.347 | ( 55 ) | 4,1 |
| Consumer loans | 586 | ( 246 ) | 42,0 | 497 | ( 236 ) | 47,5 |
| Commercial loans | 3.305 | ( 1.477 ) | 44,7 | 3.704 | ( 1.690 ) | 45,6 |
| Other | 473 | ( 101 ) | 21,4 | 287 | ( 71 ) | 24,7 |
| Total due from customers | 5.674 | ( 1.876 ) | 33,1 | 5.848 | ( 2.064 ) | 35,3 |
| Other receivables | 32 | ( 21 ) | 65,6 | 124 | ( 28 ) | 22,6 |
| Total on-balance | 5.749 | ( 1.925 ) | 33,5 | 6.049 | ( 2.132 ) | 35,2 |
| Total off-balance | 365 | ( 150 ) | 41,1 | 1.935 | ( 143 ) | 7,4 |
| **Total impaired credit risk exposure** | **6.114** | **( 2.075 )** | **33,9** | **7.984** | **( 2.275 )** | **28,5** |

The decrease of impairments for specific credit risk results from net additions in impairments in the Retail -banking segment with the Commercial and Private banking segment (EUR 288 million) broadly in line with previous year's and compensated by important releases in the commercial loan portfolio of the Merchant Banking (negative net change in impairments of EUR 103 million) and write-offs (EUR 360 million). These write-offs largely contributed to the decrease (by 6%) of the impaired credit exposure and to the slight decline of the coverage ratio to 34%.

The table below provides information on the duration of impairment being the period between the first impairment event of the financial asset and 31 December.

| | 2006 | | | | 2005 | | | |
|---|---|---|---|---|---|---|---|---|
| | < 1 year impaired | > 1 year < 5 years impaired | > 5 years impaired | Total | < 1 year impaired | > 1 year < 5 years impaired | > 5 years impaired | Total |
| Cash and cash equivalents | | | | | | | | |
| Interest bearing investments | | | 17 | 17 | | | 34 | 34 |
| Due from banks | | 2 | 24 | 26 | 1 | 1 | 41 | 43 |
| *Due from customers* | | | | | | | | |
| Government and official institutions | 1 | 3 | 5 | 10 | 4 | 2 | 7 | 13 |
| Residential mortgage | 737 | 534 | 30 | 1.300 | 1.025 | 311 | 11 | 1.347 |
| Consumer loans | 250 | 283 | 53 | 586 | 168 | 325 | 4 | 497 |
| Commercial loans | 1.045 | 1.603 | 657 | 3.305 | 962 | 2.058 | 684 | 3.704 |
| Other | 290 | 174 | 9 | 473 | 101 | 179 | 7 | 287 |
| Total due from customers | 2.323 | 2.597 | 754 | 5.674 | 2.260 | 2.875 | 713 | 5.848 |
| Other receivables | 25 | 7 | | 32 | 44 | 77 | 3 | 124 |
| Total on balance | 2.348 | 2.606 | 795 | 5.749 | 2.305 | 2.953 | 791 | 6.049 |
| Total off balance | 118 | 211 | 36 | 365 | 622 | 1.178 | 135 | 1.935 |
| **Total impaired credit risk exposure** | **2.466** | **2.817** | **831** | **6.114** | **2.927** | **4.131** | **926** | **7.984** |

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

Incurred but not reported' (IBNR) impairment on loans represents losses inherent in components of the performing loan portfolio that have not yet been specifically identified

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

The IBNR calculation combines the Basel II concept of expected loss on a one-year time frame with intrinsic elements such as "incubation period", macro economic factors and expert views.

The IBNR is calculated on a performing loan portfolio of the banking businesses. IBNR amounted to EUR 413 million at the end of 2006 compared to EUR 408 million at the end of the previous year. This evolution reflects organic portfolio growth and acquisitions compensated by more favourable macro-economic outlook.

Details relating to IBNR impairments are provided in notes 14, 16, 17 and 47.

Risk mitigation is the technique 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 of 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 of arrangement having a similar effect. The lending activity is never purely based on collateral or hedging. The risk mitigation factors are always considered as a second way out.

### 6.6.2 Market Risk

Market Risk impacts both the structural positions of the banking activities (ALM Risk) and the trading positions taken by the banking business to benefit from short-term volatility in the different risk factors of the financial markets (Trading Risk). The Risk Management approach is differentiated to take account of the specific features of each of these activities.

*ALM Risk*

**ALM Risk Management**

At Fortis Bank level, ALM Risk is measured and managed, with consistent methods (e.g. fair value calculations, stress tests, worst-case sensitivities …) and within a unique Risk Management framework. This enables Fortis Bank to report and manage risk information on an integrated basis. Risk indicators are used to set limits. In addition to this uniform framework, the specificities of the businesses also require specific from time to time measures.

ALM Risk focuses on value and earnings changes implied by volatility in interest rates, exchange rates, share prices and real estate prices.

The ALM department acts according to the rules and guidelines set out by the ALM and MPC Committee and has an important role in managing balance sheet and off-balance sheet items at all levels. The ALM and MPC Committee defines the methodology for setting internal transfer prices.

The responsibilities of the ALM department in the banking activities are:

- to establish a framework for risk management and control of all the banking activities with an inherent Market Risk,
- to ensure a global asset allocation that is consistent with the strategy,
- to apply the concept of global limits to all types of Market Risks related to the banking book,
- to define the methodology for setting the internal transfer price and apply it to the different banking businesses,
- to follow closely regulatory solvency, assess the evolution of the CAD (Capital Adequacy Directives) ratios and propose strategies concerning additional components of regulatory equity such as subordinated loans and hybrid financing.

**ALM Risk exposure**

All figures in this section are before tax. Concerning some smaller participations for which detailed data is not available, the risk profile is determined with an assumption-bases approach.

ALM Risk - Interest Rate Risk

Interest rate volatility is a dominant risk factor in the banking industry.

The three main sources of Interest Rate Risk actively monitored at Fortis Bank 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 sloping shifts);
- optionality: certain financial instruments carry embedded options (hidden or explicit) that may be exercised depending on the evolution of interest rates on the market.

Fortis Bank measures, monitors and controls its ALM Interest Rate Risk using the following indicators:

- "cash flow gap analysis", which illustrates the profile of the interest rates 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;
- "duration of equity", used as a key indicator for the Interest Rate Risk. It reflects the value sensitivity to a small parallel interest rate shift;
- interest rate sensitivity of the fair value by applying stress tests of +/- 100bp to the fair value;
- "Value-at-Risk" (VaR), which calculates the maximum potential structural loss on a fair value basis resulting from different possible market fluctuations, based on a timescale of one year and a reliability interval of 99.97%;
- "Earnings-at-Risk" is an indicator that simulates the effect of changes in interest rates on future results.

Cash Flow Gap Analysis

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, e.g. savings and current accounts have a significant part of the outstanding volumes that is stable on a long-term basis and is considered as long-term funding. The derivatives are principally used to reduce Fortis Bank's exposure to interest rate changes. The notional value is reported separately in the table for the banking activities. A positive (negative) amount means a net receiving (paying) position in derivatives. The maturities of assets and liabilities and the ability to replace, at acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing Fortis Bank's exposure to changes in interest rates.

*At 31 December 2006:*

| | <1 month | 1-3 months | 3-12 months | 1-3 years | 3-5 years | 5-10 years | >10 years |
|---|---|---|---|---|---|---|---|
| Assets | 316.250 | 124.654 | 117.517 | 73.516 | 57.111 | 82.141 | 30.062 |
| Liabilities | ( 398.375 ) | ( 129.610 ) | ( 91.704 ) | ( 54.851 ) | ( 48.693 ) | ( 58.027 ) | ( 19.394 ) |
| Gap Assets – Liabilities | ( 82.125 ) | ( 4.956 ) | 25.813 | 18.664 | 8.417 | 24.114 | 10.668 |
| Derivatives | 21.159 | 14.606 | 457 | ( 8.479 ) | ( 4.136 ) | ( 12.317 ) | ( 11.352 ) |
| Total Gap | ( 60.966 ) | 9.650 | 26.270 | 10.186 | 4.281 | 11.797 | ( 684 ) |

In the short term more liabilities are repriced than assets, the derivatives position has clearly a risk reducing character on the total gap.

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 rated used in the calculation of the NPV are based on client rates. 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 durations between assets and liabilities.

Duration reflects the value-sensitivity to a small parallel interest rate shift $\Delta$i:

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

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

- a positive (negative) duration leads to a decrease (increase) in value when rates increase ($\Delta$i 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 must be attributed to the difference between the value of assets and the value of liabilities, so that the total balance sheet will be insensitive to interest rate changes.

The duration of equity (expressed in years) amounts to 5 in 2006 and 4 in 2005.

The duration of Equity increased over 2006 due to new long term positions following long term interest rates increase mainly in the first half of the year. Historically the duration of equity is still at a very low level and far below the limit.

While the duration of equity measures the sensitivity of the value to very small interest rate movements, Fortis Bank follows also 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

The impact of a positive 100 basis points shift in the yield curve on the fair value of Equity ie. the fair value of all assets minus the fair value of all liabilities is -5%, the impact of a negative 100 basis points shift in the yield curve is +4,8% as per 31/12/2006.

The Interest Rate Risk indicators 'Value-at-Risk and ''Earnings-at-Risk' will be discussed in the section 'ALM Risk - Other risk factors'.

**ALM Risk – Currency Risk**

Any financial product is denominated in a specific currency and Exchange Rate Risk stems from a change in the exchange rate of that currency to the functional currency of Fortis Bank (EUR).

No Currency 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.
- Participations in currencies other than the functional currency of the Fortis Bank must be hedged by a funding in the corresponding currency. The Fortis Bank policy for banking activities is to hedge via one-year 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 regular basis (monthly or quarterly).

Exceptions to this general rule must be approved by the ALM and MPC Committee.

The exceptional Currency Risk exposures to foreign currencies as at 31 December 2006 are stated in the table below:

| *Currency* | *exposure in foreign currency (in million)* | *exposure in EUR (in million)* |
|---|---|---|
| TRY | 1.159 | 621 |
| TWD | 396 | 9 |
| SIT | 16.300 | 68 |

The remaining open Currency Risk positions are due to partly hedging of the participation in Fortis Bank Turkey , a small participation in Dryden Wealth Management Taiwan not hedged and a bond position in Slovakian Tinar which was not hedged (on 1 January 2007 the Slovakian Tinar has been replaced by the Euro).

**ALM Risk - Other risk factors**

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 unfavorable movements on equity markets. Similarly, Real Estate Risk is the risk of losses due to unfavorable 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

The table below shows the maximum loss in the event of a worst-case scenario given a Value-at-risk model (on a time frame of one year and a confidence interval of 99.97% - volatility is not taken into account in these figures). This severe scenario corresponds to the overall common framework of economic capital within Fortis. Within the Banking activities similar calculations are performed with a 99% confidence level  and a twom month horizon for day-to-day management.

| *(in % of fair value)* | |
|---|---|
| Equity Risk | 8% |
| Interest rate risk | 26% |
| Real estate risk | 0% |
| Foreign exchange risk | 1% |

The Banking activities main exposure is to interest rate risk. The Equity Market risk is relatively small 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.

Earnings-at-Risk

Earnings-at-Risk is the sensitivity of the future IFRS net interest margin to hypothetical adverse changes in interest rates or equity prices. Earnings-at-Risk assesses the impact of stress tests on the projected IFRS net income before tax. The group finance and other holding activities of Fortis Bank are excluded from this table.
The puts and swaps have been excluded from this table (conservative assumption).

| *Earnings at risk* | |
|---|---|
| +100bp | (2.3)% |
| -100bp | 2.1% |
| Shares -20% | 0.0% |

The interest margin in the earnings-at-risk simulation is calculated with a constant duration of equity over the whole year. The potential sensitivity of the 'Treasury & Trading' position is out of scope. The impact of the equity securities position on profit or loss is only due to impairments.

**ALM Risk – Risk Mitigating Strategies**

Interest Rate Risk is mitigated using a range of different instruments. The most important are derivatives, primarily interest rate swaps and options. Interest rate swaps are used to change the linear risk profile, mainly caused by long-term assets, e.g. fixed-rate mortgages and by long-term liabilities, e.g. subordinated liabilities. Options are used to reduce the non-linear risk, which is mainly caused by the embedded options sold to the client, 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), due to 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 specific 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 changes in the fair value of these options on the profit or loss account. 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 the profit or loss.

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

| *hedged items* | *hedging instruments* | *hedged risk (in EUR million)(*)* |
|---|---|---|
| mortgages | payer swaps | (19,9) |
| bonds | payer swaps | (2,0) |
| fixed rate liabilities | receiver swaps | 0,9 |

*(*) impact in EUR million on fair value of 1bp parallel shift of the yield curve*

The ALM derivatives position at 31 December 2006 is characterised by a potential impact of EUR 21 million (before taxation) by a 1 bp yield curve shift. Portfolio hedging reduces most of this profit or loss volatility. At year end-2006 the open derivatives position was EUR 1 million (before taxation) for a 1 bp yield shift. During 2006 the change in the fair value of the derivatives included in hedge accounting was EUR 1.150 million and the fair value change of the hedged item was EUR 1.5 million, largely reducing the volatility in the profit or loss.

*Trading Risk*

**Trading Risk Management**

Trading Risk is limited to the Merchant Banking activities of Fortis Bank, for which the daily outcome of transactions depends on developments in market prices, currency rates, interest rates, equity securities, commodities and energy.

Trading Risk activities consist of client-related trading activities as well as proprietary trading activities. -They cover almost the full spectrum of instruments available on modern financial markets and are centred on the dealing room in Brussels with local dealing rooms in New York, Houston, Hong Kong, Singapore, Taipei, Shangai, London, Istanbul, Warsaw, Luxembourg and Amsterdam. All desks in these dealing rooms report to Brussels.

Risk Taking is based on a three-pillar Merchant Bank Risk Structure: Risk Management Organisation, Risk Policies and Risk Decision Procedures. Independent risk management provides information about the Merchant Banking risk profile to the Merchant Banking Management Team, Merchant Banking Risk Committees and to Fortis Central Risk Management (FCRM). Integrated risk management systems are installed to analyse and measure risk systematically.

Fortis Bank has established limits to define the risk tolerance and to keep trading risk exposure under control. Several risk parameters exist, to cover all risk characteristics of exposures such as position (Modified Duration, Delta, Vega), Value-at-Risk, stress-test and concentration limits. All limits are reviewed once a year in connection with the average limit use, past performance, volatility of income and the new budget.

Risk information of all locations is centralised in one global risk database system. The progressive integration of all dealing rooms goes hand in hand with the implementation of centralised Front Office information technology systems.

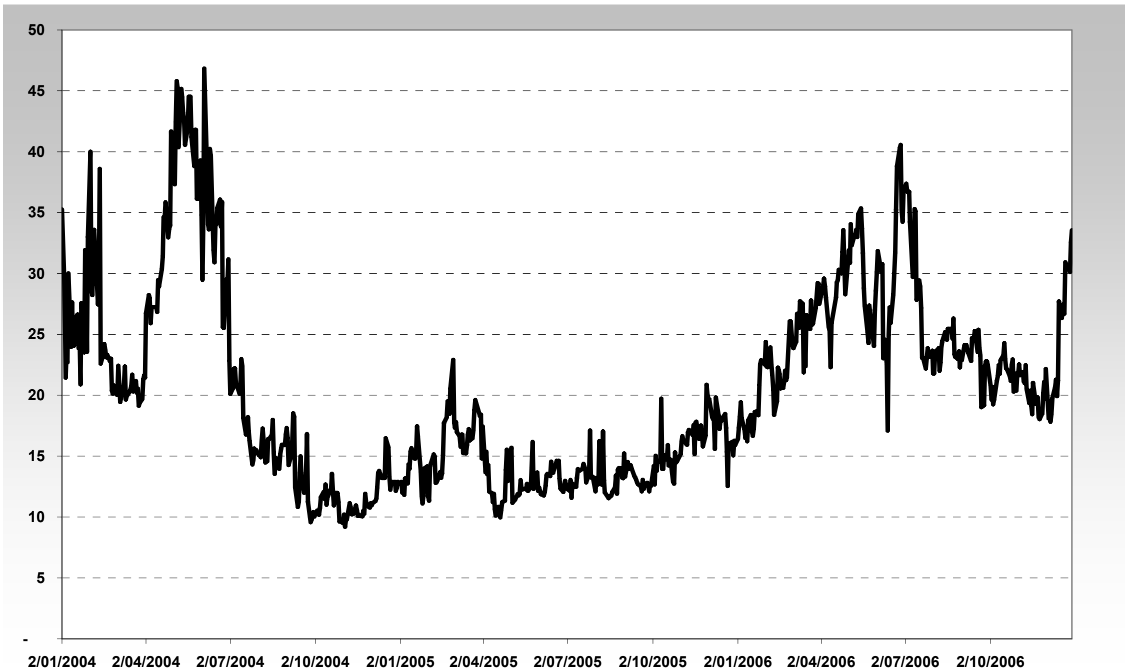
**Trading Risk exposure**

For the Benelux activities booked in Belgium, which represent the major part of its trading risk, Fortis Bank uses a Historical Value-at-Risk with dynamic Extreme Value Distribution (EVD) to measure trading risk, which is calculated based on a holding period of one day and a confidence interval of 99%. This historical simulation methodology is based on the full revaluation of all portfolios with a range of historically observed market data. As a result, it includes a full valuation of derivative positions and is able to capture non-linear effects present in option-type products. By using Extreme Value Theory, data in the tail are also used more efficiently. Fortis Bank uses a Value-at-Risk model that is based on the theory of extreme values. The foundation of this Extreme Value Distribution (EVD) model is order statistics. Even if the general shape of the potential distribution is assessed, the parameters of this distribution are not theoretically determined. These parameters result from a dynamic optimisation process to best fit the data sample in general and the tails in particular. In that context, the Value-at-Risk model best corresponds with reality and produces as good as a theoretical model could provide a continuous measure.

For Belgian regulatory capital purposes, Fortis Bank calculates the market risk charge using the EVD VaR for the bulk of the portfolio, booked in Brussels, combined with a Linear VaR for foreign branches. Same approach applies for daily risk monitoring.

Fortis Bank uses a linear VaR indicator to provide a report of a worldwide-consolidated risk picture that takes into account diversification and correlation between the different risk factors (interest rates, exchange rates, equities and commodities) and entities. This linear method is based on a holding period of one day and a confidence interval of 99%.
All graphs and tables below are based on the linear VaR methodology

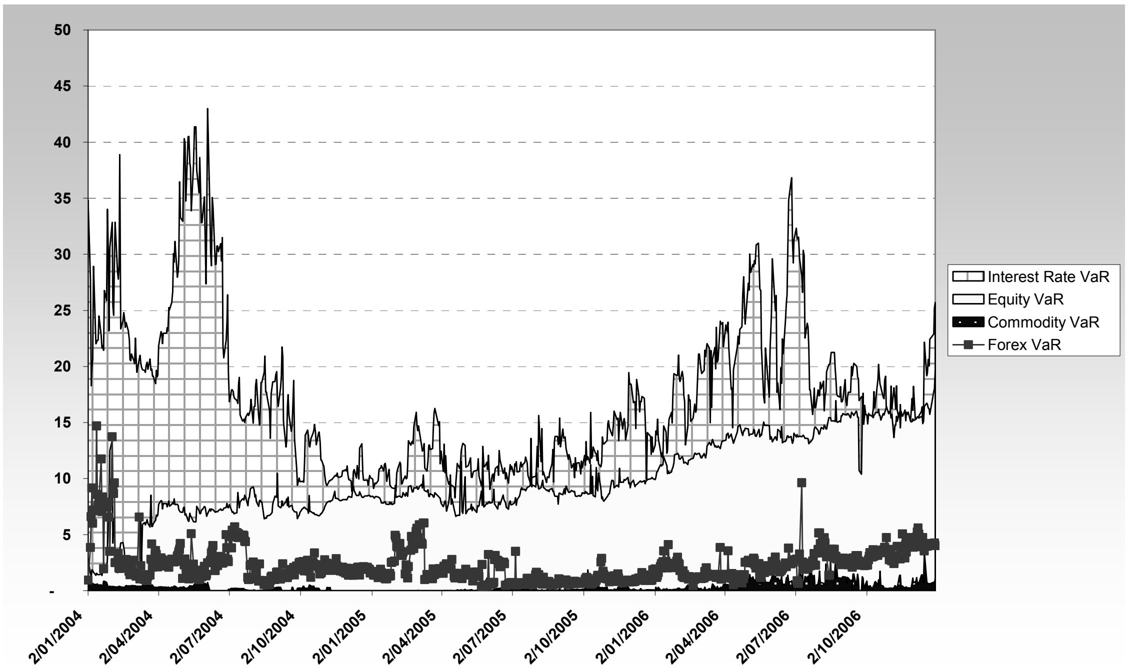
**Linear Value-at-Risk including all risk factors (in EUR million)**




| *in EUR million* | *2006* | *2005* |
|---|---|---|
| VaR as of 31 December | 33.5 | 15.9 |
| Highest VaR | 40.6 | 22.9 |
| Lowest VaR | 16.2 | 10.0 |
| Average VaR | 24.8 | 14.4 |

The Value-at-Risk of our recent acquisition of Cinergy Marketing and Trading (CMT) ís not included in the total VaR above. In 2006, Merchant Banking took in average additional risk exposure compared to 2005. The Value-at-Risk has indeed increased progressively during the first half of the year, mainly driven bymore aggressive positioning on interest rates and equities. During the second half of the year, the interest rate risk exposure was progressively downsized.

**Linear Value-at-Risk by risk factors (in EUR million)**




Merchant Banking also uses stress testing to monitor the potential impact of extreme market evolutions on the trading portfolio. -The pre-defined stress testing programme reports the contribution of the main risk factors to the potential profit or loss variation for historical and hypothetical scenario. This profit or loss figure is then detailed for different levels of the Merchant Banking's structure. When the stress testing results exceed the early warning signals, they are considered as management action triggers.

The effectiveness of Value-at-Risk calculations is tested using 'back-testing', which compares the Value-at-Risk forecast with the calculated Market-to-Market change using observed daily market data variation.

The back-testing measures, on a one-year rolling window, the number of losses exceeding the VaR prediction. Intuitively, for a 99% confidence level, such losses should happen once per 100 days. Back-testing analysis revealed that Fortis Bank achieved this target.

Fortis Bank has already been active for some time in the European markets in a wide range of energy and emission derivatives on oil, gas, power and carbon dioxide. These activities have been reinforced by the acquisition of Cinergy Marketing and Trading (CMT). This acquisition supports Fortis Bank's growth strategy in energy trading by enabling the development of a complete set of energy financing and hedging products.

CMT risk management infrastructure is very similar to the one used by Fortis Bank based on the Value-at-Risk methodology to measure market and credit risk, supplemented by stress testing. -The systems and processes are robustly designed to control market and operational risk. This similarity facilitates the integration, taking place in 2007, of the CMT risk management infrastructure in the global Fortis risk management organisation. Comparable integration process is ongoing for the trading activities of Fortis Bank AS, formerly Disbank.

### 6.6.3 Liquidity Risk

*Liquidity Risk Management*

The Fortis Risk Committee (FRC) is responsible for monitoring liquidity risk across Fortis. The FRC delegates the monitoring of liquidity risk within a defined liquidity limits framework, as follows:

- Short-term (up to 360 days) liquidity risk of the Banking activities to the Market Policy Committee (MPC)
- Long-term (over 360 days) liquidity risk of the Banking activities to the ALCO;

These risk acceptance committees designate one operational coordination team, the Liquidity and Funding Competence Centre, which implements their decisions, coordinates the actions and organises the monitoring of the liquidity risk.

Within Fortis Bank, Merchant Banking is the lender of last resort who has ultimate access to the central banks or to professional financial markets. This lender carries the final responsibility for funding all businesses and Fortis Bank entities. To support its role as final funding provider, Merchant Banking has created the Global Liquidity and Funding Team. This department is configured as an independent structure maintaining diversified market access, to source and to procure liquidity and funding on behalf of Fortis Bank companies, whilst enhancing collateral value, with a view to optimising funding costs.

The basic principles of the liquidity risk management are defined in a Fortis Bank wide liquidity policy.
The primary goal of the policy is to ensure that Fortis Bank maintains sufficient cash and liquid assets to meet its current and future financial obligations at all times, in both normal and stressed circumstances, for every currency in which it has an exposure, and for all its companies, including special purpose vehicles.

The policy is implemented in accordance with a number of guiding principles, which are discussed below and which support the sound management of liquidity risk. As Fortis Bank considers liquidity to be a scarce and important asset that must fit within a strategy of value creation, Fortis Bank does not want to implement a policy of maximisation (e.g. to be as liquid as possible) but rather a policy of optimisation. Its liquidity profile should endorse Fortis Bank's credit-worthiness but must also be seen as a contributor to profitability.

In order to implement the guidelines of its liquidity policy, Fortis Bank created the Fortis Bank Liquidity Project in 2004. This led to the creation of a liquidity contingency plan, a bank-wide system for reporting on the contingent liquidity risk related to committed credit lines, an early warning system with swift communication channels that constantly monitors our funding capacity, funding price and the depth of the financial markets. Furthermore, Fortis Bank has conceived a framework of lending limits for its operating companies and subsidiaries in order to closely monitor the evolution of their liquidity profile and corresponding funding needs. Fortis Bank is creating an overall view on the structural liquidity profile and on the composition of the funding sources.

The limits framework focuses on short-tem liquidity risk and defines limits for overnight (O/N), tomorrow/next day (T/N) and spot/next day (S/N). Further refinement towards one week and one month is foreseen at a later stage. 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 will apply to the unsecured funding gap only.

The organisation of the treasury activity in Merchant Banking 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. Separate limits have been defined for Hong Kong, the Benelux and New York. As such, New York is the ultimate lender of and USD is the currency of last resort.

The Liquidity Contingency Plan comes into effect whenever the liquidity position of Fortis Bank is threatened by market-related or Fortis Bank-specific circumstances. Its goal is to manage the liquidity sources of Fortis Bank without endangering its business franchise, while limiting excessive funding costs.
Each Fortis Bank entity having a window to the financial markets has a dual responsibility with respect to liquidity crisis management. These entities must be able to take responsibility for the crisis management of its local currency and, if appropriate and necessary, should contribute to resolve Fortis Bank wide liquidity crisis management. These entities must have their own liquidity contingency plan and their own local liquidity crisis committee, adapted to the specific features of local regulation, local convertible or non-convertible currencies and markets and specific business activities.

*Exposure to funding sources*
The deposits of the customers (retail, commercial, corporate) form a significant part of the primary funding sources of the Banking activities. Current accounts and savings deposits of retail customers, although payable on demand or at short notice, make a significant contribution 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 the unsecured position gaps. The monitoring of the issuance of short and long-term paper has been centralised and the access to the financial markets is coordinated by the Global Liquidity and Funding Team.

## 6.7 Additional tables on Risk Management

The tables below provide supplementary information on interest rate sensitivity gaps, currency risk exposures and liquidity sensitivity gaps, based on data collected within the IFRS accounting framework and facilitating reconciliation with the reported accounting figures.

### 6.7.1 Interest rate sensitivity gaps

The table shows all assets and liabilities at carrying value, classified by contractual repricing or maturity date, whichever is the earlier. The carrying amounts of derivatives, which are principally used to reduce Fortis Bank's exposure to interest rate changes, are reported in this table as 'Non-interest-bearing financial instruments'.

The off-balance sheet interest rate sensitivity gap over a given time period is the difference between the notional amounts to be received and the notional amounts to be paid for interest rate derivatives that mature or are repriced during that period.

| | Earlier of contractual repricing or maturity | | | | | | |
|---|---|---|---|---|---|---|---|
| | *Less than 1 month* | *1-3 months* | *3-12 months* | *1-5 years* | *over 5 years* | *no-maturity* | *Total* |
| *At 31 December 2006* | | | | | | | |
| Assets | | | | | | | |
| Fixed rate financial instruments | 89.803 | 40.432 | 56.197 | 71.666 | 97.441 | 8.109 | 363.648 |
| Variable rate financial instruments | 46.146 | 20.875 | 21.525 | 22.585 | 25.410 | 63.510 | 200.051 |
| Non-interest bearing financial instruments | | | | | | 46.871 | 46.871 |
| Non-financial instruments | | | | | | 64.121 | 64.121 |
| **Total assets** | **135.949** | **61.307** | **77.722** | **94.251** | **122.851** | **182.611** | **674.691** |
| Liabilities | | | | | | | |
| Fixed rate financial instruments | 185.137 | 54.148 | 40.013 | 18.626 | 22.861 | 15.798 | 336.583 |
| Variable rate financial instruments | 32.877 | 22.532 | 5.092 | 10.026 | 14.136 | 141.803 | 226.466 |
| Non-interest bearing financial instruments | | | | | | 47.014 | 47.014 |
| Non-financial instruments | | | | | | 47.730 | 47.730 |
| **Total liabilities** | **218.014** | **76.680** | **45.105** | **28.652** | **36.997** | **252.345** | **657.793** |
| On-balance interest sensitivity gap | ( 82.065 ) | ( 15.373 ) | 32.617 | 65.599 | 85.854 | ( 69.734 ) | 16.898 |
| Off-balance interest sensitivity gap | 110.019 | 26.500 | ( 47.288 ) | ( 79.315 ) | ( 14.823 ) | 223 | ( 4.684 ) |
| **Total interest sensitivity gap** | **27.954** | **11.127** | **( 14.671 )** | **( 13.716 )** | **71.031** | **( 69.511 )** | **12.214** |
| *At 31 December 2005* | | | | | | | |
| Total assets | 143.925 | 67.590 | 81.541 | 79.833 | 115.405 | 153.018 | 641.312 |
| Total liabilities | 229.963 | 69.676 | 50.047 | 34.668 | 17.785 | 223.874 | 626.013 |
| On-balance interest sensitivity gap | ( 86.038 ) | ( 2.086 ) | 31.494 | 45.165 | 97.620 | ( 70.856 ) | 15.299 |

### 6.7.2 Currency risk exposures

The table below shows all assets and liabilities at carrying value, classified by currency.

| | *EUR* | *GBP* | *USD* | *Yen* | *Other* | *Total* |
|---|---|---|---|---|---|---|
| *At 31 December 2006* | | | | | | |
| Assets | | | | | | |
| Cash and cash equivalents | 5.964 | 1.904 | 9.653 | 107 | 3.164 | 20.792 |
| Assets held for trading | 54.457 | 1.566 | 9.403 | 476 | 4.733 | 70.635 |
| Due from banks | 51.502 | 7.409 | 17.708 | 4.785 | 8.009 | 89.413 |
| Due from customers | 202.902 | 23.059 | 50.737 | 696 | 8.483 | 285.877 |
| Investments - debt and equity securities | 96.594 | 6.570 | 30.578 | 133 | 1.983 | 135.858 |
| Investment property | 584 | | | | 16 | 600 |
| Associates and joint ventures | 1.184 | | 123 | | 45 | 1.352 |
| Other receivables | 3.661 | 498 | 1.112 | 67 | 767 | 6.105 |
| Property, plant and equipment | 1.943 | 45 | 38 | 1 | 126 | 2.153 |
| Goodwill and other intangible assets | 307 | 18 | 280 | | 375 | 980 |
| Accrued interest and other assets | 44.765 | 4.084 | 8.411 | 724 | 2.942 | 60.926 |
| **Total assets** | **463.863** | **45.153** | **128.043** | **6.989** | **30.643** | **674.691** |
| | | | | | | |
| Liabilities | | | | | | |
| Liabilities held for trading | 51.909 | 1.726 | 8.581 | 137 | 1.905 | 64.258 |
| Due to banks | 113.739 | 9.707 | 36.433 | 3.452 | 13.830 | 177.161 |
| Due to customers | 184.981 | 23.396 | 44.320 | 781 | 6.578 | 260.056 |
| Debt certificates | 42.414 | 9.007 | 36.648 | 100 | 2.191 | 90.360 |
| Subordinated liabilities | 13.370 | 43 | 179 | 309 | 179 | 14.080 |
| Other borrowings | 1.332 | 632 | 158 | 1 | 55 | 2.178 |
| Provisions | 586 | 14 | 61 | | 56 | 717 |
| Current and deferred tax liabilities | 1.331 | 33 | 49 | | 56 | 1.469 |
| Accrued interest and other liabilities | 32.054 | 2.282 | 4.952 | 2.641 | 5.585 | 47.514 |
| **Total liabilities** | **441.716** | **46.840** | **131.381** | **7.421** | **30.435** | **657.793** |
| | | | | | | |
| **Net on-balancesheet position** | **22.147** | **( 1.687 )** | **( 3.338 )** | **( 432 )** | **208** | **16.898** |
| | | | | | | |
| *At 31 December 2005* | | | | | | |
| Total assets | **428.474** | **53.253** | **132.484** | **4.971** | **22.130** | **641.312** |
| Total liabilities | **413.230** | **55.035** | **136.275** | **2.932** | **18.541** | **626.013** |
| **Net on-balancesheet position** | **15.244** | **( 1.782 )** | **( 3.791 )** | 2.039 | 3.589 | **15.299** |

### 6.7.3 Liquidity sensitivity gaps

The table below shows Fortis Bank's assets and liabilities classified into relevant maturity groupings based on the remaining period to the contractual maturity date. Demand deposits, savings accounts and other assets and liabilities without stated maturity are reported in the column 'No Maturity date' and are considered by Fortis Bank as a relatively stable core source of funding for its operations.

| | *Up to 1 month* | *1-3 months* | *3-12 months* | *1-5 years* | *over 5 years* | *no-maturity* | *Total* |
|---|---|---|---|---|---|---|---|
| *At 31 December 2006* | | | | | | | |
| Assets | | | | | | | |
| Fixed rate financial instruments | 91.907 | 38.129 | 51.660 | 61.189 | 112.612 | 8.153 | 363.650 |
| Variable rate financial instruments | 23.729 | 3.356 | 11.326 | 27.137 | 71.030 | 63.474 | 200.052 |
| Non-interest bearing financial instruments | 19.705 | 1.125 | 1.411 | 1.305 | 1.243 | 22.048 | 46.837 |
| Non-financial assets | 41.192 | 3.010 | 3.722 | 6.708 | 4.953 | 4.567 | 64.152 |
| **Total assets** | **176.533** | **45.620** | **68.119** | **96.339** | **189.838** | **98.242** | **674.691** |
| Liabilities | | | | | | | |
| Fixed rate financial instruments | 184.043 | 53.896 | 40.405 | 18.258 | 24.160 | 15.821 | 336.583 |
| Variable rate financial instruments | 27.867 | 5.580 | 10.312 | 27.760 | 14.321 | 140.626 | 226.466 |
| Non-interest bearing financial instruments | 2.660 | 3.697 | 998 | 3.829 | 3.320 | 32.566 | 47.070 |
| Non-financial liabilities | 23.984 | 3.352 | 3.823 | 6.568 | 4.791 | 5.156 | 47.674 |
| **Total liabilities** | **238.554** | **66.525** | **55.538** | **56.415** | **46.592** | **194.169** | **657.793** |
| **Net liquidity gap** | **( 62.021 )** | **( 20.905 )** | **12.581** | **39.924** | **143.246** | **( 95.927 )** | **16.898** |
| *At 31 December 2005* | | | | | | | |
| Total assets | 177.129 | 46.976 | 72.608 | 103.864 | 167.151 | 73.584 | 641.312 |
| Total liabilities | 256.077 | 66.304 | 54.709 | 51.911 | 44.559 | 152.453 | 626.013 |
| **Net liquidity gap** | **( 78.948 )** | **( 19.328 )** | **17.899** | **51.953** | **122.592** | **( 78.869 )** | **15.299** |

# 7 Supervision and solvency

As a financial institution, Fortis Bank is subject to regulatory supervision. Fortis Bank is supervised both at the Fortis Bank consolidated level and at the level of the individual operating companies.

Fortis Bank's banking subsidiaries are subject to the regulations of the various supervisory authorities in the countries where the subsidiaries operate. These guidelines require the banking subsidiaries to maintain a minimum level of qualifying capital relative to the on- and off-balance sheet credit commitments and the bank's trading positions. The positions and credit commitments are weighted according to the level of risk involved (risk-weighted commitments). The minimum requirement for core capital (Tier 1) is 4%, while total qualifying capital must be maintained at a minimum of 8% of risk-weighted commitments.

| | *Minimum* | *2006* | *2005* |
|---|---|---|---|
| Credit risk | | 221.633 | 198.241 |
| Market risk | | 18.471 | 13.854 |
| Risk weighted commitments | | 240.104 | 212.095 |
| Tier 1 ratio | 4,0% | 7,1% | 7,4% |
| Total capital ratio | 8,0% | 11,1% | 10,5% |

# 8. Post-employment benefits and other long-term employee 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 which do not fall due fully within twelve months of the period in which the employees rendered the related service, including jubilee premiums and long-term disability benefits.

## 8.1 Post-employment benefits

### 8.1.1 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. Discount rates by country or region are set on the basis of the yield (at closing date) of debt securities of similar duration, issued by blue-chip companies or by the government in the absence of a representative corporate market.

Because Fortis Bank has defined benefit plans that are funded through related insurance companies, the related assets are non-qualifying 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 in determining the defined benefit liability, but are shown as separate assets, called "reimbursement rights", expressing the right of reimbursement of expenditures (required to settle the defined benefit obligations) by the related party.

In addition to pensions, post-employment benefits also include other expenses such as reimbursement of part of the health insurance premiums and favourable conditions on financial products, such as mortgage loans, which continue to be granted to employees after retirement.

The following table provides details of the amounts shown in the balance sheet at 31 December regarding pension plans and other post-employment benefits.

| | *Defined benefit pension plans* | | *Other post-employment benefits* | |
|---|---|---|---|---|
| | *2006* | *2005* | *2006* | *2005* |
| Present value of funded obligations | ( 4.815 ) | ( 5.082 ) | | |
| Present value of unfunded obligations | | | (60) | (301) |
| **Defined benefit obligation** | **( 4815 )** | **( 5.082 )** | **(60)** | **(301)** |
| Fair value of plan assets | 2.942 | 2.878 | | |
| Fair value of reimbursement rights | 1.831 | 1.813 | | |
| **Net recognized defined benefit obligations** | **( 42 )** | **( 392 )** | **(60)** | **(301)** |
| Unrecognised actuarial losses (gains) | ( 209 ) | 226 | (11) | 32 |
| Unrecognised past service cost | 11 | 5 | | |
| Unrecognised assets due to asset ceiling | ( 167 ) | ( 142 ) | | |
| **Net defined benefit asset (liability)** | **( 408 )** | **( 303 )** | **(70)** | **(269)** |
| | | | | |
| Amounts in the balance sheet: | | | | |
| Defined benefit liabilities | ( 2.263 ) | ( 2.120 ) | (70) | (269) |
| Defined benefit assets | 1.855 | 1.818 | | |
| **Net defined benefit asset (liability)** | **( 408 )** | **( 302 )** | **(70)** | **(269)** |

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 23).

The following table reflects the changes in the net pension asset (liability) as recognised in the balance sheet.

| | *Defined benefit pension plans* | | *Other post-employment benefits* | |
|---|---|---|---|---|
| | *2006* | *2005* | *2006* | *2005* |
| **Net defined benefit asset (liability) at 1 January** | **( 303 )** | **9** | **(269)** | **264** |
| Total defined benefit expense | ( 158 ) | ( 181 ) | 23 | (11) |
| Contributions received/benefits paid | 242 | ( 90 ) | 8 | 5 |
| Acquisitions of subsidiaries | | ( 1 ) | | |
| Divestments of subsidiaries | | | | 1 |
| Transfer between qualifying/non-qualifying plans | ( 189 ) | ( 41 ) | 168 | |
| Foreign exchange differences | | | | |
| Other | | | | |
| **Net defined benefit asset (liability) at 31 December** | **( 408 )** | **( 303 )** | **(70)** | **(269)** |

The table below shows the changes in the Defined benefit obligation.

| | *Defined benefit pension plans* | | *Other post-employment benefits* | |
|---|---|---|---|---|
| | *2006* | *2005* | *2006* | *2005* |
| **Defined benefit obligation at 1 January** | **( 5.082 )** | **( 4.683 )** | **(301)** | **(289)** |
| Current service cost | ( 171 ) | ( 174 ) | (4) | (9) |
| Participants' contributions | ( 9 ) | ( 5 ) | | |
| Interest cost | ( 210 ) | ( 196 ) | (4) | (3) |
| Actuarial gains (losses) on defined benefit obligation | 449 | ( 79 ) | 42 | (6) |
| Benefits paid in year | 322 | 276 | 6 | 5 |
| Past service cost - non-vested benefits | | ( 5 ) | | |
| Past service cost - vested benefits | ( 2 ) | | | |
| Acquisition and divestments of subsidiaries | | ( 161 ) | | 1 |
| (Losses) gains on curtailments | | | 33 | |
| Liabilities extinguished on settlements | 87 | | | |
| Transfers | ( 229 ) | ( 53 ) | 169 | |
| Foreign exchange differences | 29 | ( 3 ) | | |
| Other | | | | |
| **Defined benefit obligation at 31 December** | **( 4.815 )** | **( 5.082 )** | **(60)** | **(301)** |

The following table shows the changes in the fair value of plan assets.

| | *Defined benefit pension plans* | | *Other post-employment benefits* | |
|---|---|---|---|---|
| | *2006* | *2005* | *2006* | *2005* |
| **Fair value of plan assets at 1 January** | **2878** | **2570** | | |
| Expected return on plan assets | 141 | 135 | | |
| Actuarial gains (losses) on plan assets | ( 1 ) | 166 | | |
| Employer's contributions | 167 | ( 164 ) | 6 | 5 |
| Participants' contributions | 9 | 5 | | |
| Benefits paid in year | ( 184 ) | ( 141 ) | (6) | (5) |
| Acquisition and divestments of subsidiaries | | 294 | | |
| Transfer between qualifying/ non-qualifying plans | 49 | 6 | | |
| Assets distributed on settlements | ( 68 ) | | | |
| Foreign exchange differences | ( 50 ) | 6 | | |
| Other | | | | |
| **Fair value of plan assets at 31 December** | **2942** | **2878** | | |

The following table shows the changes in the fair value of the reimbursements rights.

| | *Defined benefit pension plans* | | *Other post-employment benefits* | |
|---|---|---|---|---|
| | *2006* | *2005* | *2006* | *2005* |
| **Fair value of reimbursements rights. at 1 January** | **1813** | **1667** | _ | _ |
| Expected return on reimbursements rights | 73 | 74 | | |
| Actuarial gains (losses) on reimbursements rights | 13 | 122 | | |
| Employer's contributions | 75 | 74 | | |
| Participants' contributions | | | | |
| Benefits paid in year | ( 139 ) | ( 135 ) | | |
| Acquisition and divestments of subsidiaries | | | | |
| Transfer between qualifying/ non-qualifying plans | ( 4 ) | 11 | | |
| Assets distributed on settlements | | | | |
| Foreign exchange differences | | | | |
| Other | | | | |
| **Fair value of reimbursements rights at 31 December** | **1831** | **1813** | _ | _ |

Actuarial gains (losses) are mainly the difference between the actual and the expected return.

The following table shows the actual return on plan assets and reimbursements rights.

| | *Defined benefit pension plans* | | *Other post employment benefits* | |
|---|---|---|---|---|
| | *2006* | *2005* | *2006* | *2005* |
| Actual return on plan assets | 139 | 300 | _ | _ |
| Actual return on reimbursements rights | 82 | 200 | _ | _ |

The following table shows the changes in the total of unrecognised actuarial gain (losses) on liabilities and assets.

| | *Defined benefit pension plans* | | *Other post-employment benefits* | |
|---|---|---|---|---|
| | *2006* | *2005* | *2006* | *2005* |
| **Unrecognised actuarial gains (losses) at 1 January** | **( 226 )** | **( 454 )** | **(32)** | **(28)** |
| Actuarial gains (losses) on defined benefit obligation in year | 449 | ( 79 ) | 43 | (6) |
| Actuarial gains (losses) on plan assets in year | (1) | 166 | | |
| Actuarial gains (losses) on reimbursement rights in year | 13 | 122 | | |
| Recognised losses (gains) resulting from asset ceiling or curtailment/settlement | ( 38 ) | 9 | | |
| Amortisation of unrecognised actuarial (gains) losses | | 3 | 4 | 3 |
| Foreign exchange differences | | 3 | | |
| Other | 13 | 4 | | |
| **Unrecognised actuarial gains (losses) at 31 December** | **209** | **( 226 )** | **11** | **(32)** |

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 and plan liabilities.

| | *Defined benefit pension plans* | | *Other post-employment benefits* | |
|---|---|---|---|---|
| | *2006* | *2005* | *2006* | *2005* |
| Experience adjustments on plan assets | 42 | 96 | | |
| As % of plan assets at 1 January | 1,44% | 3,72% | | |
| Experience adjustments on reimbursements rights | 29 | 40 | | |
| As % of reimbursements rights at 1 January | (0,47)% | (0,48)% | | |
| Experience adjustments on defined benefit obligation | 118 | 28 | (42) | 4 |
| As % of defined benefit obligation at 1 January | 2,31% | 0,60% | 9,52% | (0,96)% |

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* | |
|---|---|---|---|---|
| | *2006* | *2005* | *2006* | *2005* |
| Current service cost | ( 171 ) | ( 174 ) | (4) | (9) |
| Interest cost | ( 210 ) | ( 196 ) | (4) | (3) |
| Expected return on plan assets | 142 | 135 | | |
| Expected return on reimbursement rights | 73 | 74 | | |
| Amortisation of unrecognised gains (losses) on liabilities | | ( 3 ) | | (3) |
| Past service cost | ( 4 ) | | | |
| Amortisation of unrecognised actuarial (losses) gains on assets | | | | |
| Impact of Asset ceiling | ( 6 ) | ( 17 ) | | |
| (Losses) gains on curtailments and settlements | 18 | | 31 | |
| **Total defined benefit expense** | **( 158 )** | **( 181 )** | **23** | **(14)** |

The current service cost, past service cost, amortisation of unrecognised (losses) gains from the defined benefit obligation and losses (gains) on curtailments and settlements impacting liabilities are included in Staff expenses (see note 44). All other defined benefit expense items are included in Interest expenses.

Total defined benefit expense contains all interest costs related to the defined benefit pension plans.

The following table shows the principal actuarial assumptions used for the euro zone countries.

| | *Defined benefit pension plans* | | | | *Other post-employment benefits* | | | |
|---|---|---|---|---|---|---|---|---|
| | *2006* | | *2005* | | *2006* | | *2005* | |
| | *Low* | *High* | *Low* | *High* | *Low* | *High* | *Low* | *High* |
| Discount rate at 31 December | 3.75% | 4.65% | 3.55% | 4.15% | 4.20% | 4.20% | 4,15% | 4,15% |
| Expected return on plan assets at 31 December | 4.51% | 5.25% | 4.30% | 5.00% | | | | |
| Future salary increases (price inflation included) | 2.40% | 4.00% | 2.40% | 4.00% | 2,40% | 2,40% | 2,40% | 2,40% |
| Future pension increases (price inflation included) | 1.80% | 2.05% | 1.80% | 1.80% | 1,80% | 1,80% | 1,80% | 1,80% |
| Medical cost trend rates | | | | | 4,30% | 4,30% | 4,30% | 4,30% |

The following table shows the principal actuarial assumptions used for other countries.

| | *Defined benefit pension plans* | | | |
|---|---|---|---|---|
| | *2006* | | *2005* | |
| | *Low* | *High* | *Low* | *High* |
| Discount rate at 31 December | 4.80% | 13.00% | 3.00% | 11.00% |
| Expected return on plan assets at 31 December | 5.25% | 11.90% | 3.00% | 9.34% |
| Future salary increases (price inflation included) | 1.90% | 9.50% | 1.50% | 8.00% |
| Future pension increases (price inflation included) | 1.90% | 6.50% | 1.50% | 5.00% |
| Medical cost trend rates | | | | |

The euro zone represents 95% of Fortis Bank's total benefit obligations. Other countries include primarily obligations in Turkey and the United Kingdom. Other post-employment benefits are not regarded material within countries outside the euro zone.

Fortis Bank uses the IRS curve as reference for the expected return on bonds and adds a risk premium to that return for equities and real estate.

There is no sensitivity to a change in the assumed medical cost trend rates, because the obligation of the employer is a fixed contribution of which the calculation is totally independent of the medical cost.

| | *Million Euro* | *Million Euro* |
|---|---|---|
| | *1% point increase* | *1% point decrease* |
| Effect on the defined benefit obligation | - | - |
| Effect on the defined benefit expense | - | - |

The plan assets comprise predominantly 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). Fortis Bank intends to gradually adjust its asset allocation policy in the future to ensure a closer match between the duration of the assets and that of the pension liabilities.

The asset mix of the plan assets is as follows:

| | *2006* | *2005* |
|---|---|---|
| Equity securities | 16,70% | 13,12% |
| Debt securities | 65,13% | 67,16% |
| Insurance contracts | 8,33% | 9,99% |
| Real estate | 3,62% | 4,08% |
| Convertibles | 2,94% | 2,65% |
| Other | 2,69% | 2,00% |
| Cash | 0,59% | 1,00% |

The asset mix of the reimbursement rights is as follows:

| | *2006* | *2005* |
|---|---|---|
| Equity securities | 19,94% | 26,86% |
| Debt securities | 74,47% | 64,14% |
| Insurance contracts | 5,59% | 6,00% |
| Real estate | 0,00% | 0,00% |
| Convertibles | 0,00% | 0,00% |
| Other | 0,00% | 1,00% |
| Cash | 0,00% | 2,00% |

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 plans exposure to interest rate risk.

Pension plan assets are invested in global equity and debt markets.

To administer pension plan assets, Fortis Bank applies general guidelines about tactical asset allocation based on criteria such as geographical distribution and rating. Asset 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.

Pension plan assets comprise EUR 1 million (2005: EUR 1 million) in investments in Fortis shares.

The employer's contributions expected to be paid to post-employment benefit plans for the year ended 31 December 2007 are as follows:

| | *Defined benefit pension plans* | *Other post-employment benefits* |
|---|---|---|
| Expected contribution for schemes with plan assets next year | 260 | |
| Expected contribution for schemes with reimbursements rights for next year | 112 | |
| Expected contribution for schemes with *Other post- employment benefits* for next year | | 7 |

### 8.1.2 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 108 million in 2006 (2005: EUR 71 million) and are included in Staff expenses (see note 44).

## 8.2 Other long-term employee benefits

Other long-term employee benefits include jubilee premiums and long-term disability benefits. 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).

| | *2006* | *2005* |
|---|---|---|
| Present value of the obligation | 97 | 39 |
| Fair value of plan assets | | |
| **Net recognised obligations** | **97** | **39** |

The following table shows the changes in liabilities for other long-term employee benefits during the year.

| | *2006* | *2005* |
|---|---|---|
| Net liability at 1 January | 39 | 38 |
| Total expense | 30 | 12 |
| Benefits paid out | (4) | (11) |
| Foreign exchange differences | | |
| Acquisitions and divestments of subsidiaries | 32 | |
| Other | | |
| **Net liability at 31 December** | **97** | **39** |

The table below provides the range of actuarial assumptions applied in calculating the liabilities for other long-term employee benefits.

| | 2006 | | 2005 | |
|---|---|---|---|---|
| | *Low* | *High* | *Low* | *High* |
| Actuarial assumptions: | | | | |
| Discount rate | 3.40% | 4.40% | 2.90% | 4.20% |
| Salary increase | 2.00% | 3.80% | 1.80% | 3.40% |

Expenses related to other long-term employee benefits are shown below and are included in Staff expenses (see note 44).

| | 2006 | 2005 |
|---|---|---|
| Current service cost | 22 | 12 |
| Interest cost | 2 | 1 |
| Expected return on plan assets | | |
| Net actuarial (losses) gains recognised immediately | 6 | (2) |
| Past service costs recognised immediately | | |
| (Losses) gains of curtailments or settlements | | |
| **Total** | **30** | **12** |

# 9 Employee stock and option plans

Fortis Bank includes share-related instruments in the remuneration package of its employees and directors. These benefits take the form of :

- Employee share options
- Shares offered at a discount

## 9.1 Employee share options

Fortis Bank decides each year whether or not to offer options to its employees. In recent years Fortis Bank offered options on Fortis shares to senior managers in order to strengthen their commitment to Fortis Bank and to align their interests. The features of the option plans may vary from country to country depending on local tax regulations. There is a difference between conditional and unconditional options. Unconditional options are granted to employees who work in countries where options are subject to taxation directly upon being granted. Conditional options are granted to employees in countries where the options are taxed upon exercise. Conditional options become vested if the employee is still employed after a period of five years. In general, options may not be exercised until five years after they are granted, regardless of whether they are conditional or unconditional.

If Fortis Bank or one of its subsidiaries grants options on Fortis shares to their employees, the related expenses are invoiced by the mother company and recorded as staff expenses. The execution or lapsing of these options has no impact on the accounts of Fortis Bank.

The following option plans, including options granted to directors, were outstanding on 31 December.

| | | | | *2006* |
|---|---|---|---|---|
| | *Outstanding options (in '000)* | *Weighted average exercise price (in EUR)* | *Highest exercise price (in EUR)* | *Lowest exercise price (in EUR)* |
| *Lapsing year* | | | | |
| 2007 | 1.184 | 34,70 | 34,70 | 34,70 |
| 2008 | 282 | 32,75 | 34,70 | 25,18 |
| 2009 | 9.004 | 29,39 | 29,81 | 25,18 |
| 2010 | 4.130 | 34,70 | 34,70 | 34,70 |
| 2011 | 113 | 25,18 | 25,18 | 25,18 |
| 2012 | 714 | 25,18 | 25,35 | 25,18 |
| 2013 | 2.057 | 14,71 | 14,86 | 14,54 |
| 2014 | 2.074 | 18,01 | 18,29 | 17,66 |
| 2015 | 2.118 | 22,15 | 22,28 | 21,99 |
| 2016 | 2.795 | 29,38 | 29,48 | 29,25 |
| Total | 24.471 | 27,58 | | |

| | 2005 | | | |
|---|---|---|---|---|
| | *Outstanding options (in '000)* | *Weighted average exercise price (in EUR)* | *Highest exercise price (in EUR)* | *Lowest exercise price (in EUR)* |
| *Lapsing year* | | | | |
| 2006 | 179 | 29,81 | 31,64 | 29,81 |
| 2007 | 1.185 | 34,70 | 34,70 | 34,70 |
| 2008 | 305 | 32,75 | 34,70 | 25,18 |
| 2009 | 10.254 | 29,34 | 29,81 | 25,18 |
| 2010 | 4.131 | 34,70 | 34,70 | 34,70 |
| 2011 | 113 | 25,18 | 25,18 | 25,18 |
| 2012 | 913 | 25,18 | 25,35 | 25,18 |
| 2013 | 2.049 | 14,71 | 14,86 | 14,54 |
| 2014 | 2.062 | 18,01 | 18,29 | 17,66 |
| 2015 | 2.113 | 22,15 | 22,28 | 21,99 |
| Total | 23.304 | 27,49 | | |

The changes in outstanding options were as follows:

| | 2006 | | 2005 | |
|---|---|---|---|---|
| | *Number of options (in '000)* | *Average exercise price (in EUR)* | *Number of options (in '000)* | *Average exercise price (in EUR)* |
| Balance 1 January | 23.304 | 27,49 | 21.191 | 28,02 |
| Options granted | 2.786 | 29,38 | 2.145 | 22,15 |
| Exercised options | ( 1.476 ) | | 0 | |
| Lapsed | ( 143 ) | | (32) | |
| Balance 31 December | 24.471 | 27,58 | 23.304 | 27,49 |
| | | | | |
| On existing Fortis shares | 95 | | 23.224 | |
| On new Fortis shares | 24.376 | | 80 | |
| Of which conditional | 6.612 | | 5.398 | |
| Of which unconditional | 17.861 | | 17.906 | |
| Exercisable in the money | 8.182 | 29,81 | | |
| Exercisable out of the money | 5.539 | 34,70 | 14.959 | 31,63 |

The options granted by Fortis Bank are 10-year American at-the-money call options with a five-year vesting period which are valued based on the Simple Cox model. The parameters below were used to calculate the fair value of the options granted.

| | *2006* | *2005* | *2004* |
|---|---|---|---|
| Date of grant of options | 31 March 2006 | 11 April 2005 | 12 April 2004 |
| First exercise date | 03 April 2011 | 11 April 2010 | 13 April 2009 |
| Final maturity | 03 April 2016 | 10 April 2015 | 12 April 2014 |
| Dividend yield | 5,13% | 5,00% | 5,06% |
| 10-year interest rate | 3,74% | 3,80% | 4,02% |
| Share price on date of grant | 29,48 | 21,84 | 18,29 |
| Volatility | 24,80% | 23,27% | 25,60% |
| Fair value of options as % of exercise price | 16,01% | 15,36% | 17,02% |

All option plans and restricted share plans (see below) are settled by the delivery of Fortis shares rather than in cash. Some option plans and restricted share plans specifically state that existing shares must be delivered upon exercise. New shares may be issued in other cases.

## 9.2 Shares offered to staff

Fortis Bank offered its staff the opportunity to buy Fortis shares at a discount in 2002, 2003 and 2004. The terms of the offer varied from country to country, depending on local tax regulations.In all cases, however, shares could not be sold until five years after purchase. No shares were offered to staff in 2005 and 2006.

| *(number of shares in '000)* | *2004* | *2003* | *2002* |
|---|---|---|---|
| Number of shares subscribed | 2.229 | 2.115 | 1.314 |
| Share price | 15,64 | 12,04 | 20,14 (1.181 shares ) |
| | | | 22,03 (133 shares ) |
| End of holding period | 2 November 2009 | 3 November 2008 | 8 June 2007 |

# 10 Remuneration of Board of Directors

In 2006 the remuneration, including pension costs , of current and former members of the Board of Directors payable by Fortis Bank was EUR 11.0 million (total remuneration of current and former members was EUR 9.8 million in 2005). The total amount of remuneration includes termination benefits for EUR 1.6 million (2005: EUR 2.4 million).

In 2006 the number of options granted to the board members was 292,700 (2005: 310,225). The strike price of these options was 29,48 (2005: 22,28)
In 2006, 182.780 restricted shares have been granted to the board members (2005: 223.560)

# 11 Audit fees

Fees paid to Fortis Bank's auditors for 2006 and 2005 can be broken down into the following components:

- Audit fees, which include fees for auditing the statutory and consolidated financial statements;
- Audit-related fees, which include fees for work performed on prospectuses, non-standard auditing services not related to statutory auditing;
- Fees for tax advice;
- Other non-audit fees, which include fees for support and advice on acquisitions.

The breakdown of the audit fees for the year ended 31 December is as follows:

| | | | | 2006 | | 2005 |
|---|---|---|---|---|---|---|
| | *Fortis Bank Statutory Auditors* | *Fortis Bank Statutory Auditors' Network* | *Total FortsBank Statutory Auditors* | *Other Fortis Bank Auditors* | *Total Fortis Bank Statutory Auditors* | *Other Fortis Bank Auditors* |
| Audit fees | 3 | 12 | 15 | 1 | 12 | 0 |
| Audit-related fees | 2 | 2 | 4 | 2 | 5 | 0 |
| Tax fees | 0 | 3 | 3 | 0 | 1 | 0 |
| Other non-audit fees | 0 | 4 | 4 | 1 | 5 | 0 |
| Total | 5 | 21 | 26 | 4 | 23 | 0 |

# 12 Related parties

Parties related to Fortis Bank include affiliated companies, non-consolidated subsidiaries, associates, pension funds, joint ventures, Board members (non-executive and executive members of the Fortis Bank Board of Directors), close family members of any individual referred to above, entities controlled or significantly influenced by any individual referred to above and other related entities.

As part of its business operations Fortis Bank frequently enters into transactions with related parties. Such transactions mainly relate to loans and deposits and are entered into on the basis of the same commercial and market terms that apply to non-related parties.

The remuneration and combined shareholdings of Board members are described in note 10.

Credits, loans or bank guarantees in the normal course of business may be granted by Fortis Bank companies to Board members and close family members of Board members.

The total outstanding amount as per 31 December 2006 on loans, credits and guarantees granted to Board members and close family members of Board members, amounts to EUR 4,5 million. The terms and conditions of these transactions are entered into on the basis of the same commercial and market terms that apply to non-related-parties, including employees of the company.

The tables below provides an overview of the transactions entered into with the following related parties for the year ended 31 December:

- Associates and joint ventures
- other related parties such as affiliated companies, non -consolidated subsidiaries, and pension funds

| | | | *2006* | | | *2005* |
|---|---|---|---|---|---|---|
| | *Associates and joint ventures* | *Other* | *Total* | *Associates and joint ventures* | *Other* | *Total* |
| Income and expenses - Related parties | | | | | | |
| Interest income | 25 | 559 | 584 | 94 | 405 | 499 |
| Interest expense | ( 21 ) | ( 740 ) | ( 761 ) | ( 38 ) | ( 682 ) | ( 720 ) |
| Fee and commission income | 12 | 254 | 266 | 36 | 165 | 201 |
| Realised gains | | 1.600 | 1.600 | 4 | 81 | 85 |
| Other income | 30 | 116 | 146 | 36 | 39 | 75 |
| Fee and commission expense | ( 24 ) | ( 79 ) | ( 103 ) | ( 22 ) | ( 23 ) | ( 45 ) |
| Realised losses | | ( 130 ) | ( 130 ) | | ( 253 ) | ( 253 ) |
| Operating, administrative and other expenses | | (126 ) | ( 126 ) | ( 61 ) | ( 6 ) | ( 67 ) |

| | 2006 | | | 2005 | | |
|---|---|---|---|---|---|---|
| | *Associates and joint ventures* | *Other* | *Total* | *Associates and joint ventures* | *Other* | *Total* |
| Balance sheet - Related parties | | | | | | |
| Investments in associates | | 965 | 965 | 23 | | 23 |
| Due from customers | 447 | 6.508 | 6.955 | 749 | 4.644 | 5.393 |
| Due from banks | | 105 | 105 | 50 | 25 | 75 |
| Other assets | 8 | 1.834 | 1.842 | 3.020 | 5.601 | 8.621 |
| | | | | | | |
| Due to customers | 75 | 5.995 | 6.070 | 174 | 10.941 | 11.115 |
| Due to banks | 145 | 6 | 151 | 59 | 649 | 708 |
| Debt certificates, subordinated liabilities and other borrowings | 139 | 1.915 | 2.054 | 43 | 5.538 | 5.581 |
| Other liabilities | 11 | 641 | 652 | 1.379 | 589 | 1.968 |

With respect to related parties, Fortis Bank granted the following guarantees and irrevocable and conditional commitments:

- EUR 2 million (2005 EUR 0 million) with respect to guarantees given to related parties;
- EUR 0 million (2005 0 million) with respect to guarantees obtained from related parties;
- EUR 156 million million (2005 EUR 40 million) with respect to unconditional and conditional commitments to related parties.

# 13 Information on segments

Fortis Bank is an international financial services provider. The primary format to report segment information is based on business segments. In 2006, Fortis Bank was organised on a world-wide basis into three business segments:

- Retail Banking
- Merchant Banking
- Commercial & Private Banking

Fortis Bank reported geographical segments are as follows:

- Benelux (Belgium, The Netherlands, Luxembourg)
- Other European countries
- North America
- Asia
- Other

Fortis Bank's segment reporting reflects the full economic contribution of the segments within Fortis Bank. The aim is direct allocation to the segments of all balance sheet and income statement items for which the segments have full management responsibility.

Segment information is prepared based on the same accounting principles as those used in preparing and presenting Fortis Bank's consolidated financial statements (as described in note 1) and by applying appropriate allocation rules.

Transactions between the different segments are executed under standard commercial terms and conditions.

On 12 October 2006 Fortis announced that it would implement organisational changes to support the evolution of its growth strategy. The modified organisation is fully operational as of 1 January 2007. Fortis Bank will start to report according to the new organisational structure, impacting the segment reporting based on business segments, as of the first quarter of 2007.

## 13.1 Banking

**Retail Banking**

Retail Banking provides financial services to retail customers, independent professions and small enterprises. In the Benelux countries, Fortis Bank offers advice on all forms of daily banking, saving, investment, credit and insurance through a variety of distribution channels. Fortis Bank also provides retail banking services in France, Poland and Turkey.

**Merchant Banking**

Merchant Banking offers financial solutions composed of a comprehensive range of wholesale products to corporate and institutional clients. Merchant Banking also offers expertise in niche markets with a regional or global scope.

**Commercial & Private Banking**

Commercial & Private Banking offers worldwide integrated services and solutions for asset and liability management to high-net-worth private clients and their businesses as well as to corporate clients and their advisers. Medium-sized enterprises are served by a uniform product and service offering, with the same range of cross-border products, services and specialisms at the network of Business Centres throughout Europe.

### 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 commercial segments.

As in previous years, Fortis Hypotheek Bank and some other Fortis Bank companies are reported under this section. From 2006 Belgolaise is also reported in Other banking. In 2005 was Fortis Bank AS (Turkey) due to the integration process, reported in other banking. As from 2006 Fortis Bank AS is reported within all relevant banking segments.

### Allocation rules

Segment reporting within the banking segments make use of balance sheet allocation rules, balance sheet squaring mechanisms, a fund transfer pricing system, rebilling of support and operations 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 and the foreign exchange risk by funding their own assets with their own liabilities, or by having direct access to the financial markets. The interest and currency risks are removed by transferring them from the segments to the 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 economic capital used and the interest margin generated within the segment.

Support and operations departments provide services to the segments. These services include human resources, information technology, payment services, settlement of security transactions and ALM. 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 a fixed rate. Differences between actual costs and rebilled costs based on standard tariffs are passed through to the three segments in a final allocation.

## 13.2 Balance sheet of banking segments

### Balance sheet of banking segments Year 2006

| | *Retail banking* | *Merchant banking* | *Commercial & Private Banking* | *Other Banking* | *Eliminations* | *Total Fortis Bank* |
|---|---|---|---|---|---|---|
| | | | | | | *31 december 2006* |
| Assets | | | | | | |
| Cash and cash equivalents | 11.628 | 61.253 | 1.766 | 86.160 | ( 140.015 ) | 20.792 |
| Assets held for trading | 27 | 70.849 | 87 | 695 | ( 1.023 ) | 70.635 |
| Due from banks | 29.308 | 217.841 | 30.210 | 164.888 | ( 352.834 ) | 89.413 |
| Due from customers | 154.956 | 164.582 | 84.372 | 140.232 | ( 258.265 ) | 285.877 |
| Investments: | | | | | | |
| *- Held to maturity* | | | | *4.505* | | *4.505* |
| *- Available for sale* | *225* | *74.851* | *97* | *54.980* | *( 2.335 )* | *127.818* |
| *- Held at fair value through profit or loss* | | *3.319* | *25* | *609* | *( 418 )* | *3.535* |
| *- Investment property* | | | *516* | *139* | *( 55 )* | *600* |
| *- Investments in associates and joint ventures* | *124* | *992* | *5* | *231* | | *1.352* |
| | 349 | 79.162 | 643 | 60.464 | ( 2.808 ) | 137.810 |
| Trade and other receivables | 240 | 3.144 | 2.058 | 1.488 | ( 825 ) | 6.105 |
| Property, plant and equipment | 86 | 110 | 99 | 3.525 | ( 1.667 ) | 2.153 |
| Goodwill and other intangible assets | 460 | 154 | 205 | 263 | ( 102 ) | 980 |
| Non-financial assets and disposals groups classified as held for sale | | | | | | |
| Accrued interest and other assets | 1.267 | 53.180 | 1.716 | 14.745 | ( 9.982 ) | 60.926 |
| Total assets | 198.321 | 650.275 | 121.156 | 472.460 | ( 767.521 ) | 674.691 |
| Liabilities | | | | | | |
| Liabilities held for trading | 1 | 64.819 | 65 | 1.060 | ( 1.687 ) | 64.258 |
| Due to banks | 51.852 | 323.773 | 38.834 | 250.974 | ( 488.272 ) | 177.161 |
| Due to customers | 142.120 | 160.772 | 78.219 | 139.691 | ( 260.746 ) | 260.056 |
| Debt certificates | 463 | 58.157 | 183 | 34.344 | ( 2.787 ) | 90.360 |
| Subordinated liabilities | 118 | 1.430 | 395 | 16.332 | ( 4.195 ) | 14.080 |
| Other borrowings | 25 | 980 | 264 | 1.296 | ( 387 ) | 2.178 |
| Provisions | 100 | 152 | 133 | 794 | ( 462 ) | 717 |
| Current and deferred tax liabilities | 103 | 804 | 113 | 822 | ( 373 ) | 1.469 |
| Accrued interest and other liabilities | 3.539 | 39.388 | 2.950 | 9.899 | ( 8.262 ) | 47.514 |
| Total liabilities | 198.321 | 650.275 | 121.156 | 455.212 | ( 767.171 ) | 657.793 |
| Shareholders' equity | | | | 17.050 | ( 350 ) | 16.700 |
| Minority interests | | | | 198 | | 198 |
| Total equity | | | | 17.248 | ( 350 ) | 16.898 |
| Total liabilities and equity | 198.321 | 650.275 | 121.156 | 472.460 | ( 767.521 ) | 674.691 |
| Due from external customers | 77.904 | 116.901 | 60.798 | 30.274 | | 285.877 |
| Due from customers internal | 77.052 | 47.681 | 23.574 | 109.958 | ( 258.265 ) | |
| Due from customers | 154.956 | 164.582 | 84.372 | 140.232 | ( 258.265 ) | 285.877 |
| Due to external customers | 91.708 | 109.759 | 45.951 | 12.638 | | 260.056 |
| Due to customers internal | 50.412 | 51.013 | 32.268 | 127.053 | ( 260.746 ) | |
| Due to customers | 142.120 | 160.772 | 78.219 | 139.691 | ( 260.746 ) | 260.056 |

## Balance sheet of banking segments Year 2005

| | Retail banking | Merchant banking | Commercial & Private Banking | Other Banking | Eliminations | Total Fortis Bank |
|---|---|---|---|---|---|---|
| | | | | | | *31 Décembre 2005* |
| **Assets** | | | | | | |
| Cash and cash equivalents | 10.023 | 46.846 | 10.522 | 48.803 | ( 90.600 ) | 25.594 |
| Assets held for trading | 204 | 62.113 | 37 | 2.639 | ( 2.163 ) | 62.830 |
| Due from banks | 24.566 | 141.536 | 27.533 | 63.371 | ( 176.952 ) | 80.054 |
| Due from customers | 159.311 | 169.359 | 70.980 | 108.562 | ( 230.350 ) | 277.862 |
| Investments: | | | | | | |
| *- Held to maturity* | | | | *4.669* | | *4.669* |
| *- Available for sale* | *28* | *73.163* | *311* | *53.659* | *( 462 )* | *126.699* |
| *- Held at fair value through profit or loss* | | *2.093* | *26* | *349* | *( 179 )* | *2.289* |
| *- Investment property* | | | *306* | *153* | *( 57 )* | *402* |
| *- Investments in associates and joint ventures* | *170* | *784* | *47* | *284* | | *1.285* |
| | 198 | 76.040 | 690 | 59.114 | ( 698 ) | 135.344 |
| Trade and other receivables | 181 | 2.711 | 1.790 | 4.203 | ( 1.875 ) | 7.010 |
| Property, plant and equipment | 37 | 107 | 87 | 3.390 | ( 1.603 ) | 2.018 |
| Goodwill and other intangible assets | 14 | 5 | 167 | 486 | ( 37 ) | 635 |
| Non-financial assets and disposals groups classified as held for sale | | | | 2.106 | ( 20 ) | 2.086 |
| Accrued interest and other assets | 767 | 40.439 | 1.408 | 12.393 | ( 7.128 ) | 47.879 |
| **Total assets** | 195.301 | 539.156 | 113.214 | 305.067 | ( 511.426 ) | 641.312 |
| **Liabilities** | | | | | | |
| Liabilities held for trading | 1 | 51.012 | 40 | 864 | ( 1.162 ) | 50.755 |
| Due to banks | 52.595 | 235.602 | 43.678 | 112.504 | ( 269.599 ) | 174.780 |
| Due to customers | 138.339 | 162.935 | 67.222 | 123.168 | ( 228.379 ) | 263.285 |
| Debt certificates | 639 | 47.111 | 186 | 33.507 | ( 4.616 ) | 76.827 |
| Subordinated liabilities | 79 | 2.396 | 244 | 12.531 | ( 2.760 ) | 12.490 |
| Other borrowings | 29 | 417 | 243 | 4.782 | ( 448 ) | 5.023 |
| Provisions | 94 | 188 | 128 | 934 | ( 549 ) | 795 |
| Current and deferred tax liabilities | 115 | 661 | 83 | 780 | ( 330 ) | 1.309 |
| Accrued interest and other liabilities | 3.410 | 38.834 | 1.390 | 698 | ( 3.583 ) | 40.749 |
| **Total liabilities** | 195.301 | 539.156 | 113.214 | 289.768 | ( 511.426 ) | 626.013 |
| Shareholders' equity | | | | 15.091 | | 15.091 |
| Minority interests | | | | 208 | | 208 |
| **Total equity** | | | | 15.299 | | 15.299 |
| **Total liabilities and equity** | 195.301 | 539.156 | 113.214 | 305.067 | ( 511.426 ) | 641.312 |
| Due from external customers | 67.426 | 125.095 | 52.865 | 32.476 | | 277.862 |
| Due from customers internal | 91.885 | 44.264 | 18.115 | 76.086 | ( 230.350 ) | |
| **Due from customers** | 159.311 | 169.359 | 70.980 | 108.562 | ( 230.350 ) | 277.862 |
| Due to external customers | 85.657 | 119.360 | 43.377 | 14.891 | | 263.285 |
| Due to customers internal | 52.682 | 43.575 | 23.845 | 108.277 | ( 228.379 ) | |
| **Due to customers** | 138.339 | 162.935 | 67.222 | 123.168 | ( 228.379 ) | 263.285 |

## 13.3 Income statement of banking segments

| | Retail banking | Merchant banking | Commercial & Private banking | Other banking | Eliminations | Total |
|---|---|---|---|---|---|---|
| | | | | | | 2006 |
| Income | | | | | | |
| Interest income | 9.896 | 68.807 | 4.586 | 14.706 | ( 27.798 ) | 70.197 |
| Interest expense | ( 7.249 ) | ( 67.921 ) | ( 3.396 ) | ( 14.343 ) | 27.798 | ( 65.111 ) |
| Net interest income | 2.647 | 886 | 1.190 | 363 | | 5.086 |
| Fee and commission income | 1.801 | 804 | 929 | 125 | ( 76 ) | 3.583 |
| Fee and commission expense | ( 439 ) | ( 242 ) | ( 86 ) | ( 127 ) | 75 | ( 819 ) |
| Net fee and commission income | 1.362 | 562 | 843 | ( 2 ) | ( 1 ) | 2.764 |
| Dividend, share in result of associates and joint ventures and other investment income | 18 | 99 | 46 | 130 | ( 1 ) | 292 |
| Realised capital gains (losses) on investments | 11 | 128 | 11 | 2.003 | 1 | 2.154 |
| Other realised and unrealised gains and losses | 45 | 910 | 86 | 300 | ( 2 ) | 1.339 |
| Other income | 722 | 160 | 325 | ( 849 ) | ( 88 ) | 270 |
| Total income, net of interest expense | 4.805 | 2.745 | 2.501 | 1.945 | ( 91 ) | 11.905 |
| Change in impairments | ( 150 ) | 116 | ( 137 ) | 13 | | ( 158 ) |
| Net revenues | 4.655 | 2.861 | 2.364 | 1.958 | ( 91 ) | 11.747 |
| Expenses | | | | | | |
| Staff expenses | ( 1.249 ) | ( 675 ) | ( 721 ) | ( 980 ) | | ( 3.625 ) |
| Depreciation and amortisation of tangible and intangible assets | ( 38 ) | ( 8 ) | ( 42 ) | ( 262 ) | | ( 350 ) |
| Other expenses | ( 486 ) | ( 337 ) | ( 330 ) | ( 1.291 ) | 103 | ( 2.341 ) |
| Allocation expense | ( 1.370 ) | ( 408 ) | ( 407 ) | 2.197 | ( 12 ) | |
| Total expenses | ( 3.143 ) | ( 1.428 ) | ( 1.500 ) | ( 336 ) | 91 | ( 6.316 ) |
| Profit before taxation | 1.512 | 1.433 | 864 | 1.622 | | 5.431 |
| Income tax expense | ( 422 ) | ( 80 ) | ( 193 ) | 5 | | ( 690 ) |
| Net profit for the period before discontinued operations | 1.090 | 1.353 | 671 | 1.627 | | 4.741 |
| Net gain (loss) on discontinued operations | | | | | | |
| Net profit for the period | 1.090 | 1.353 | 671 | 1.627 | | 4.741 |
| Net profit attributable to minority interests | | 5 | | 4 | | 9 |
| Net profit attributable to shareholders | 1.090 | 1.348 | 671 | 1.623 | | 4.732 |
| Net revenues from external customers | 2.758 | 1.069 | 2.447 | 5.473 | | 11.747 |
| Net revenues internal | 1.897 | 1.792 | ( 83 ) | ( 3.515 ) | ( 91 ) | 0 |
| Net revenues | 4.655 | 2.861 | 2.364 | 1.958 | ( 91 ) | 11.747 |
| Non-cash expenses (excl depreciation & amortisation) | ( 89 ) | ( 950 ) | ( 286 ) | ( 71 ) | | ( 1.396 ) |

| | 2005 | | | | | |
|---|---|---|---|---|---|---|
| | Retail banking | Merchant banking | Commercial & Private banking | Other banking | Eliminations | Total |
| Income | | | | | | |
| Interest income | 10.380 | 65.550 | 4.323 | 15.112 | ( 30.670 ) | 64.695 |
| Interest expense | ( 7.912 ) | ( 64.787 ) | ( 3.293 ) | ( 14.721 ) | 30.670 | ( 60.043 ) |
| Net interest income | 2.468 | 763 | 1.030 | 391 | | 4.652 |
| Fee and commission income | 1.622 | 655 | 759 | ( 15 ) | ( 127 ) | 2.894 |
| Fee and commission expense | ( 530 ) | ( 196 ) | ( 57 ) | 52 | 127 | ( 604 ) |
| Net fee and commission income | 1.092 | 459 | 702 | 37 | | 2.290 |
| Dividend, share in result of associates and joint ventures and other investment income | 15 | 113 | 40 | 101 | ( 6 ) | 263 |
| Realised capital gains (losses) on investments | 63 | 318 | 15 | 307 | 9 | 712 |
| Other realised and unrealised gains and losses | 42 | 527 | 63 | 173 | | 805 |
| Other income | 514 | 127 | 239 | ( 563 ) | ( 44 ) | 273 |
| Total income, net of interest expense | 4.194 | 2.307 | 2.089 | 446 | ( 41 ) | 8.995 |
| Change in impairments | ( 129 ) | 106 | ( 153 ) | ( 33 ) | | ( 209 ) |
| Net revenues | 4.065 | 2.413 | 1.936 | 413 | ( 41 ) | 8.786 |
| Expenses | | | | | | |
| Staff expenses | ( 1.111 ) | ( 603 ) | ( 565 ) | ( 1.091 ) | | ( 3.370 ) |
| Depreciation and amortisation of tangible and intangible assets | ( 14 ) | ( 9 ) | ( 31 ) | ( 254 ) | | ( 308 ) |
| Other expenses | ( 371 ) | ( 355 ) | ( 246 ) | ( 1.049 ) | 97 | ( 1.924 ) |
| Allocation expense | ( 1.262 ) | ( 359 ) | ( 446 ) | 2.123 | ( 56 ) | |
| Total expenses | ( 2.758 ) | ( 1.326 ) | ( 1.288 ) | ( 271 ) | 41 | ( 5.602 ) |
| Profit before taxation | 1.307 | 1.087 | 648 | 142 | | 3.184 |
| Income tax expense | ( 445 ) | ( 73 ) | ( 187 ) | ( 28 ) | | ( 733 ) |
| Net profit for the period before discontinued operations | 862 | 1.014 | 461 | 114 | | 2.451 |
| Net gain (loss) on discontinued operations | | | | 253 | | 253 |
| Net profit for the period | 862 | 1.014 | 461 | 367 | | 2.704 |
| Net profit attributable to minority interests | | 6 | | 5 | | 11 |
| Net profit attributable to shareholders | 862 | 1.008 | 461 | 362 | | 2.693 |
| Net revenues from external customers | 2.403 | 1.176 | 2.004 | 3.203 | | 8.786 |
| Net revenues internal | 1.662 | 1.237 | ( 68 ) | ( 2.790 ) | ( 41 ) | |
| Net revenues | 4.065 | 2.413 | 1.936 | 413 | ( 41 ) | 8.786 |
| Non-cash expenses (excl depreciation & amortisation) | ( 32 ) | ( 82 ) | ( 43 ) | ( 71 ) | | ( 228 ) |

## 13.4 Geographic segmentation

Fortis Bank's activities are managed worldwide based on the relevant banking activities defined. The table below shows key figures based on incorporation of the Fortis company that has entered into the transaction.

| | *Net Profit* | *Total revenues* | *Number of employees* | *Total assets* |
|---|---|---|---|---|
| *31 December 2006* | | | | |
| Benelux | 4.027 | 65.641 | 29.120 | 551.366 |
| Other European countries | 469 | 4.131 | 12.219 | 66.506 |
| United States | 135 | 4.424 | 737 | 43.516 |
| Asia | 84 | 3.572 | 1.175 | 12.175 |
| Others | 17 | 67 | 324 | 1.128 |
| Total | 4.732 | 77.835 | 43.575 | 674.691 |

| | *Net Profit* | *Total revenues* | *Number of employees* | *Total assets* |
|---|---|---|---|---|
| *31 December 2005* | | | | |
| Benelux | 2.228 | 61.795 | 28.462 | 538.244 |
| Other European countries | 347 | 2.795 | 10.775 | 41.825 |
| United States | 74 | 2.781 | 496 | 48.213 |
| Asia | 37 | 2.454 | 872 | 12.228 |
| Others | 7 | 70 | 328 | 802 |
| Total | 2.693 | 69.895 | 40.933 | 641.312 |

# Notes to the balance sheet

# 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. At 31 December the composition of cash was as follows:

| | 2006 | 2005 |
|---|---|---|
| Cash on hand | 586 | 544 |
| Balances with central banks readily convertible in cash | | |
| other than mandatory reserve deposits | 322 | 1.360 |
| Due from banks | 14.224 | 15.404 |
| Due from customers, current accounts | 3.932 | 5.540 |
| Other | 1.729 | 2.746 |
| Total | 20.793 | 25.594 |
| Less: impairments incurred but not reported (IBNR) | ( 1 ) | |
| Total cash and cash equivalents | 20.792 | 25.594 |

The average book value of cash and cash equivalents for 2006 amounted to EUR 25.336 million (2005: EUR 26.771 million). The average yield in 2006 was 2,7% (2005: 1,9%).

# 15 Assets held for trading and liabilities held for trading

## 15.1 Assets held for trading

The following table provides a specification of the assets held for trading.

| | 2006 | 2005 |
|---|---|---|
| Securities held for trading: | | |
| Treasury bills and other eligible bills | 2.533 | 934 |
| Debt securities: | | |
| - Government bonds | 7.354 | 7.371 |
| - Corporate debt securities | 7.631 | 8.828 |
| - Mortgage-backed securities | 2.254 | 2.673 |
| - Other asset-backed securities | 2.681 | 1.177 |
| Equity securities | 26.533 | 17.951 |
| Total trading securities | 48.986 | 38.934 |
| | | |
| Derivative financial instruments | | |
| Over the counter (OTC) | 21.027 | 23.715 |
| Exchange traded | 523 | 156 |
| Total Trading Derivatives | 21.550 | 23.871 |
| | | |
| Other assets held for trading | 99 | 25 |
| Total assets held for trading | 70.635 | 62.830 |

In 2006 EUR 75 million (2005: EUR 5 million) of the assets were pledged as collateral related to liabilities. Details of the derivative financial instruments are shown in note 32 Derivatives.

## 15.2 Liabilities held for trading

The table below shows the composition of liabilities held for trading at 31 December.

| | 2006 | 2005 |
|---|---|---|
| Short security sales | 39.922 | 25.454 |
| Derivative financial instruments: | | |
| Over the counter (OTC) | 24.016 | 24.869 |
| Exchange traded | 320 | 125 |
| Total derivative financial instruments | 24.336 | 24.994 |
| Other liabilities held for trading | | 307 |
| Total | 64.258 | 50.755 |

Details of the derivative financial instruments are shown in note 32 Derivatives.

## 15.3 Valuation techniques

The following table provides a specification of the methods used in determining the fair values of trading securities at 31 December.

| | 2006 | 2005 |
|---|---|---|
| Trading securities (assets): | | |
| Fair values of trading securities supported by observable market data | 46.723 | 37.549 |
| Fair values of trading securities obtained through a valuation technique | 2.263 | 1.385 |
| Total | 48.986 | 38.934 |
| | | |
| Short security sales (liabilities): | | |
| Fair value supported by observable market data | 39.921 | 25.451 |
| Fair value obtained through a valuation technique | 1 | 3 |
| Total | 39.922 | 25.454 |

For details on the calculation of fair values see note 33 Fair values of financial assets and financial liabilities.

# 16 Due from banks

Due from banks consisted of the following at 31 December:

| | 2006 | 2005 |
|---|---|---|
| Interest-bearing deposits | 4.964 | 4.159 |
| Loans and advances | 5.613 | 2.282 |
| Reverse repurchase agreements | 49.592 | 55.831 |
| Securities lending transactions | 24.425 | 13.785 |
| Mandatory reserve deposits with central banks | 4.603 | 2.179 |
| Held at fair value through profit or loss | 101 | 1.478 |
| Other | 139 | 372 |
| Total | 89.438 | 80.086 |
| Less impairments: | | |
| - specific credit risk | ( 17 ) | ( 18 ) |
| - incurred but not reported | ( 8 ) | ( 14 ) |
| Due from banks | 89.413 | 80.054 |

The average carrying amount of 'due from banks' in 2006 was EUR 84.200 million (2005: EUR 91.416 million). The average yield in 2006 was 5,4% (2005: 3,7%).

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 came to EUR 4.925 million at year end 2006 (2005: EUR 3.539 million).The average outstanding balance with central banks ('Cash and cash equivalents' +/- due from banks') during 2006 amounted to EUR 5.001 million (2005: EUR 4.764 million).

In the Merchant Banking segment, Fortis Bank has designated some financial assets which are part of Due from banks, at fair value through profit or loss. Under the Merchant Banking investment strategies, financial assets and financial liabilities, including derivatives, are brought together in specific portfolios. The performance and risks of these portfolios are measured, reported and managed on a fair value basis.

There is no significant difference between the carrying amounts of the assets held at fair value through profit or loss and the exposure to credit risk of these assets.

## Impairments on Due from banks

Changes in the impairments of ‘Due from banks’ are as follows:

| | 2006 | | 2005 | |
|---|---|---|---|---|
| | *Specific credit risk* | *IBNR* | *Specific credit risk* | *IBNR* |
| Balance 1 January | 18 | 14 | 16 | 30 |
| Increase in impairments | 4 | 4 | 1 | 9 |
| Release of impairments | ( 1) | ( 10) | ( 2) | ( 11) |
| Write-offs of uncollectible loans | | | 1 | |
| Foreign exchange differences and other adjustments | ( 4) | | 2 | ( 14) |
| Balance 31 December | 17 | 8 | 18 | 14 |

Note 6 Risk Management describes in greater detail the impairments for specific credit risk and Incurred but not reported (IBNR).

# 17 Due from customers

Due from customers at 31 December was as follows:

| | 2006 | 2005 |
|---|---|---|
| Government and official institutions | 5.313 | 7.781 |
| Residential mortgage | 89.322 | 80.098 |
| Consumer loans | 10.226 | 9.431 |
| Commercial loans | 110.650 | 93.646 |
| Reverse repurchase agreements | 37.649 | 61.074 |
| Securities lending transactions | 22.091 | 17.307 |
| Finance lease receivables | 10.000 | 7.825 |
| Factoring | 1.532 | 1.181 |
| Other loans | 548 | 530 |
| Loans available for sale | 28 | 56 |
| Held at fair value through profit or loss | 1.358 | 1.139 |
| Fair value adjustment from hedge accounting | ( 639) | 165 |
| Total | 288.078 | 280.233 |
| Less impairments: | | |
| - Specific credit risk | ( 1.876) | ( 2.064) |
| - Incurred but not reported | ( 325) | ( 307) |
| Due from customers | 285.877 | 277.862 |

In 2006 the average amount of Due from customers was EUR 288.078 million (2005: EUR 242.277 million). The average yield in 2006 was 5,0% (2005: 4,8%).

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 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 swap and other derivatives involved and the credits previously measured at amortised cost.

Some other structured loans and contracts, including derivatives, are also designated 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 2006 was EUR 1.328 million (2005: EUR 1.139 million).

Furthermore, Fortis Bank hedges interest rate exposure of fixed-rate mortgages on a portfolio basis (macro hedging), using derivative financial instruments, primarily 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 fixid principal amounts;
- fixed interest payment dates;
- no interest rate options;
- 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 expected cash flows within the identified group of mortgages, designated as the hedged item, are derived to match the amount of notional swap cash flows on a monthly basis.

When notional swap cash flows exceed 95% of expected mortgage cash flows in any given month, the expected monthly mortgage cash flows on either side of the swap cash flow are designated as hedged items until all notional swap cash flows are matched. 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.

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 ‘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’.

## Financial lease receivables

Receivables related to financial lease agreements at 31 December comprised of:

| | *Minimum lease proceeds* | | *Present value of the minimum lease payments receivable* | |
|---|---|---|---|---|
| | *2006* | *2005* | *2006* | *2005* |
| Gross investment in finance leases: | | | | |
| Not later than 3 months | 1.952 | 1.379 | 1.836 | 1.296 |
| Later than 3 months and not later than 1 year | 2.723 | 1.764 | 2.461 | 1.558 |
| Later than 1 year and not later than 5 years | 5.501 | 4.225 | 4.785 | 3.636 |
| Later than 5 years | 1.422 | 1.607 | 919 | 1.335 |
| Total | 11.598 | 8.975 | 10.001 | 7.825 |
| Unearned (future) finance income | 1.597 | 1.150 | | |

Proceeds from financial lease agreements recorded in the income statement in 2006 amounted to EUR 509 million (2005: EUR 399 million).

## Impairments on Due from customers

The following table shows the changes in impairments of 'due from customers':

| | 2006 | | 2005 | |
|---|---|---|---|---|
| | *Specific credit risk* | *IBNR* | *Specific credit risk* | *IBNR* |
| Balance 1 January | 2.064 | 307 | 2.327 | 293 |
| Acquisitions/divestments of Subsidiaries | 23 | 6 | 46 | 22 |
| Increase in impairments | 664 | 91 | 883 | 60 |
| Release of impairments | ( 511 ) | ( 73 ) | ( 698 ) | ( 82 ) |
| Write-offs of uncollectible Loans | ( 309 ) | | ( 489 ) | ( 2 ) |
| Foreign exchange differences and other adjustments | ( 55 ) | ( 6 ) | ( 5 ) | 16 |
| Balance 31 December | 1.876 | 325 | 2.064 | 307 |

The impairments for specific credit risk and 'Incurred but not reported' (IBNR) are described in more detail in note 6 Risk Management.

The fair value of real estate related to defaulted mortgages, acquired through foreclosure with the intent to sell this real estate in 2007 was EUR 31 million at 31 December 2006 (2005: EUR 32 million).

The impairment on financial lease receivables included in the amounts above was EUR 23 million at 31 December 2006 (2005: EUR 9 million).

# 18 Investments

The composition of investments at 31 December was as follows.

| | 2006 | 2005 |
|---|---|---|
| Investments | | |
| - Held to maturity | 4.505 | 4.669 |
| - Available for sale | 127.895 | 126.816 |
| - Held at fair value through profit or loss | 3.535 | 2.289 |
| - Investment property | 605 | 406 |
| - Associates and joint ventures | 1.352 | 1.285 |
| Total, gross | 137.892 | 135.465 |
| Impairments: | | |
| - on investments held to maturity | | |
| - on investments available for sale | ( 77 ) | ( 117 ) |
| - on investment property | ( 5 ) | ( 4 ) |
| - on investments in associates and joint ventures | | |
| **Total impairments** | **( 82 )** | **( 121 )** |
| Total | 137.810 | 135.344 |

## 18.1 Investments held to maturity

The amortised cost and estimated fair value of Fortis bank's investments held to maturity at 31 December are as follows:

| | 2006 | | 2005 | |
|---|---|---|---|---|
| | *Carrying amount* | *Fair values* | *Carrying amount* | *Fair values* |
| Government bonds | 4.211 | 4.340 | 4.282 | 4.434 |
| Corporate debt securities | 294 | 302 | 387 | 407 |
| Total investments held at maturity | 4.505 | 4.642 | 4.669 | 4.841 |

There were no impairments on held to maturity investments at 31 December 2006 and 2005.

## 18.2 Investments available for sale

The fair value and amortised cost of Fortis Bank's available for sale investments including gross unrealised gains and gross unrealised losses at 31 December are as follows:

| | *Historical/ amortised cost* | *Gross unrealised gains* | *Gross unrealised losses* | *Fair value adjustments from hedge accounting* | *Impairments* | *Fair values* |
|---|---|---|---|---|---|---|
| *31 December 2006* | | | | | | |
| Treasury bills and other eligible bills | 591 | | | | | 591 |
| Government bonds | 63.957 | 255 | ( 69 ) | ( 281 ) | ( 4 ) | 63.858 |
| Corporate debt securities | 26.127 | 29 | ( 65 ) | ( 19 ) | ( 1 ) | 26.071 |
| Mortgage-backed securities | 9.779 | 24 | ( 1 ) | ( 6 ) | | 9.796 |
| Other asset-backed securities | 24.043 | 68 | ( 1 ) | ( 5 ) | ( 7 ) | 24.098 |
| Private equities and venture capital | 143 | 28 | ( 1 ) | | ( 5 ) | 165 |
| Equity securities | 2.016 | 575 | 2 | ( 6 ) | ( 35 ) | 2.552 |
| Other investments | 495 | 217 | | | ( 25 ) | 687 |
| Total | 127.151 | 1.196 | ( 135 ) | ( 317 ) | ( 77 ) | 127.818 |

| | *Historical/ amortised cost* | *Gross unrealised gains* | *Gross unrealised losses* | *Fair value adjustments from hedge accounting* | *Impairments* | *Fair values* |
|---|---|---|---|---|---|---|
| *31 December 2005* | | | | | | |
| Treasury bills and other eligible bills | 459 | | | | | 459 |
| Government bonds | 67.635 | 1.901 | ( 99 ) | ( 75 ) | ( 5 ) | 69.357 |
| Corporate debt securities | 23.324 | 219 | ( 58 ) | 29 | ( 1 ) | 23.513 |
| Mortgage-backed securities | 13.198 | 35 | ( 6 ) | | ( 8 ) | 13.219 |
| Other asset-backed securities | 16.817 | 74 | ( 8 ) | ( 5 ) | ( 9 ) | 16.869 |
| Private equities and venture capital | 147 | 40 | ( 3 ) | | ( 3 ) | 181 |
| Equity securities | 1.679 | 226 | ( 9 ) | 37 | ( 45 ) | 1.888 |
| Other investments | 957 | 305 | ( 3 ) | | ( 46 ) | 1.213 |
| Total | 124.216 | 2.800 | ( 186 ) | ( 14 ) | ( 117 ) | 126.699 |

| | Historical/ Amortised Cost | Gross unrealised gains (losses) | Fair value adjustments from hedge accounting | Impairments | Fair values |
|---|---|---|---|---|---|
| *31 December 2006* | | | | | |
| Belgian national government | 9.036 | 120 | ( 125 ) | | 9.031 |
| Dutch national government | 5.690 | 18 | ( 9 ) | | 5.699 |
| German national government | 10.142 | ( 52 ) | ( 28 ) | | 10.062 |
| Italian national government | 15.971 | 115 | ( 98 ) | | 15.988 |
| French national government | 7.200 | ( 20 ) | ( 5 ) | | 7.175 |
| Great Britain national government | 1.069 | 5 | | | 1.074 |
| Greek national government | 4.446 | ( 1 ) | ( 15 ) | | 4.430 |
| Spanish national government | 3.162 | 3 | | | 3.165 |
| Portugese national government | 2.274 | 1 | ( 4 ) | | 2.271 |
| Austrian national government | 1.563 | 19 | | | 1.582 |
| Finish national government | 1.069 | 5 | | | 1.074 |
| Other national governments | 2.335 | ( 27 ) | 3 | ( 4 ) | 2.307 |
| Total | 63.957 | 186 | ( 281 ) | ( 4 ) | 63.858 |

| | Historical/ Amortised Cost | Gross unrealised gains (losses) | Fair value adjustments from hedge accounting | Impairments | Fair values |
|---|---|---|---|---|---|
| *31 December 2005* | | | | | |
| Belgian national government | 10.034 | 393 | 20 | | 10.447 |
| Dutch national government | 6.402 | 197 | ( 11 ) | | 6.588 |
| German national government | 9.577 | 164 | ( 22 ) | | 9.719 |
| Italian national government | 18.286 | 406 | ( 31 ) | | 18.661 |
| French national government | 6.792 | 154 | ( 13 ) | | 6.933 |
| Great Britain national government | 1.132 | 48 | | | 1.180 |
| Greek national government | 5.358 | 139 | ( 13 ) | | 5.484 |
| Spanish national government | 2.945 | 100 | 9 | | 3.054 |
| Portugese national government | 2.368 | 88 | ( 1 ) | | 2.455 |
| Austrian national government | 1.791 | 77 | | | 1.868 |
| Finish national government | 1.132 | 48 | | | 1.180 |
| Other national governments | 1.818 | ( 12 ) | ( 13 ) | ( 5) | 1.788 |
| Total | 67.635 | 1.802 | ( 75 ) | ( 5 ) | 69.357 |

## Net unrealised gains and losses on available for sale investments included in shareholders' equity

| | 2006 | 2005 |
|---|---|---|
| **Available for sale investments in equities and other securities:** | | |
| Carrying amount | 3.404 | 3.282 |
| Gross unrealised gains and losses | 821 | 556 |
| - Related tax | ( 100 ) | ( 159 ) |
| Net unrealized gains and losses | 721 | 397 |
| **Available for sale investments in debt securities:** | | |
| Carrying amount | 124.414 | 123.417 |
| Gross unrealised gains and losses | 240 | 2.058 |
| - Related tax | ( 64 ) | ( 604 ) |
| Net unrealized gains and losses | 176 | 1.454 |

Available for sale investments in equity securities also include private equities and venture capital and all other investments excluding debt securities.

### Impairments on investments available for sale

The following table shows the changes in impairments on investments available for sale:

| | 2006 | 2005 |
|---|---|---|
| Impairments on available for sale investments: | | |
| - in equity securities and other investments | ( 66 ) | ( 95 ) |
| - in debt securities | ( 11 ) | ( 22 ) |
| Total impairments on available for sale investments | ( 77 ) | ( 117 ) |

Changes in provision for Impairments on Investments AFS:

| | 2006 | 2005 |
|---|---|---|
| Balance 1 January | 117 | 102 |
| Acquisitions/divestments of subsidiaries | | |
| Increase in impairments | 4 | 21 |
| Release of impairments | ( 5 ) | ( 5 ) |
| Reversal on sale/divestment | ( 31 ) | ( 9 ) |
| Foreign exchange differences | | |
| and other adjustments | ( 8 ) | 8 |
| Balance 31 December | 77 | 117 |

In the Merchant Banking segment, 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 the interest rate risk, and the only remaining risk is credit risk. The principal hedged items concern government bonds, corporate debt securities and asset-backed securities.

Changes in the fair value of the investments attributable to the hedged interest rate risk are presented under ‘fair value adjustments from hedge accounting’ in order to adjust the carrying amount of the investments.

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;
- no interest rate options or embedded derivatives;

Bonds with these features form the portfolio of bond assets from which the hedged item will be designated. Bond assets included in a portfolio hedged for interest rate risk need to share the risk 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 in the column ‘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 adjustment from hedge accounting’.

Fortis Bank hedges the foreign currency risk on selected equity securities portfolios. Fortis Bank has designated to this end, non-derivative financial liabilities as hedging instruments.

The foreign currency risk of equity securities can be hedged by using, a deposit or current account denominated in the same currency as the securities.

If the deposit or current account qualifies as a hedging instrument, the foreign exchange difference of the hedging instrument and the foreign exchange component of the fair value change of the hedged instrument are reported directly in profit or loss. Investments available for sale includes the fair value adjustment on the hedged equity securities, reported in ‘Fair value adjustments from hedge accounting’.

## 18.3 Investments held at fair value through profit or loss

The following table provides information 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.

| | 2006 | 2005 |
|---|---|---|
| Government bonds | | |
| Corporate debt securities | 62 | 16 |
| Mortgage-backed securities | 136 | 70 |
| Other asset-backed securities | 2.309 | 1.521 |
| Private equities and venture capital | 812 | 498 |
| Equity securities | 128 | 97 |
| Other investments | 88 | 87 |
| Total investments held at fair value through profit or loss | 3.535 | 2.289 |

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 with a view to profiting from their total return in the form of interest or dividend and changes in fair value. Some other investments coupled with derivatives are also designated at fair value through profit or loss, reducing a potential accounting mismatch.

The amortised cost of the debt securities held at fair value through profit or loss at 31 December 2006 is EUR 2.507 million (2005: EUR 1.608 million) and the carrying value is EUR 2.507 million (2005: EUR 1.608 million).

## 18.4 Investment property

Investment property mainly comprises residential, commercial real estate 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.

| | 2006 | 2005 |
|---|---|---|
| Acquisition cost at 1 January | 513 | 506 |
| Acquisitions/divestments of subsidiaries | 2 | |
| Additions/purchases | 220 | 82 |
| Capital improvements | | |
| Disposals | ( 17 ) | ( 34 ) |
| Foreign exchange differences | ( 3 ) | 4 |
| Other | 4 | ( 45 ) |
| Acquisition cost at 31 December | 719 | 513 |
| | | |
| Accumulated depreciation at 1 January | ( 107 ) | ( 137 ) |
| Depreciation expense | ( 15 ) | ( 15 ) |
| Reversal of depreciations due to disposals | 4 | 9 |
| Foreign exchange differences | 1 | ( 1 ) |
| Other | 3 | 37 |
| Accumulated depreciation at 31 December | ( 114 ) | ( 107 ) |
| | | |
| Impairments at 1 January | ( 4 ) | ( 3 ) |
| Increase in impairments charged to profit or loss | ( 2 ) | |
| Reversal of impairments charged to profit or loss | | |
| Reversal of impairments due to disposals | 1 | |
| Other | | ( 1 ) |
| Impairments at 31 December | ( 5 ) | ( 4 ) |
| | | |
| Net investment property at 31 December | 600 | 402 |

The fair value of investment property in banking is set out below.

| | 2006 | 2005 |
|---|---|---|
| Fair values supported by market evidence | 237 | 226 |
| Fair values subject to an independent valuation | 467 | 246 |
| Total fair value of investment property | 704 | 472 |
| Total carrying amount: | 600 | 402 |
| Gross unrealised gain/loss | 104 | 70 |
| Taxation | ( 33 ) | ( 19 ) |
| Net unrealized gain/loss (not recognised in equity) | 71 | 51 |

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 investment property is split into the following components: structure, closing techniques and equipment and heavy and light finishing.

The maximum useful live 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 |
| Technics 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.

### 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 receivable from irrevocable agreements amounted to:

| | 2006 | 2005 |
|---|---|---|
| Not later than 3 months | 3 | 8 |
| 3 months and not later than 1 year | 15 | 25 |
| 1 year and not later than 5 years | 69 | 121 |
| 5 years and over | 252 | 174 |
| Total | 339 | 329 |

## 18.5 Investments in associates and joint ventures

The following table provides an overview of the most significant investments in associates and joint ventures at 31 December.

| | % | 2006 | 2005 |
|---|---|---|---|
| | | *Carrying amount* | *Carrying amount* |
| Joint ventures | | | |
| Bank van De Post/Banque de la Poste | 50% | 78 | 129 |
| Associates | | | |
| BGL Investment Partners | 26% | 133 | 176 |
| Caipora International Finance Cooperatieve UA | 25% | 107 | 107 |
| Debra International Finance Cooperatieve UA | 25% | 210 | 210 |
| NIB Capital Foreign Debt fund V | 75% | 526 | 346 |
| Other | | 298 | 318 |
| Total | | 1.352 | 1.286 |

Of the investments listed above, only BGL Investment Partners has a stock exchange listing. The market value of BGL Investment Partners was EUR 99 million at 31 December 2006 (2005: EUR 132 million).

| | *Total assets* | *Total liabilities* | *Total income* | *Total expenses* |
|---|---|---|---|---|
| *2006* | | | | |
| BGL Investment Partners | 511 | 2 | 81 | ( 10 ) |
| Caipora International Finance Cooperatieve UA | 429 | | 17 | |
| Debra International Finance Cooperatieve UA | 838 | | 37 | |
| NIB Capital Foreign Debt fund V | 702 | | 15 | |
| *2005* | | | | |
| BGL Investment Partners | 342 | 3 | 67 | ( 15 ) |
| Caipora International Finance Cooperatieve UA | 429 | | 15 | |
| Debra International Finance Cooperatieve UA | 838 | | 43 | |
| NIB Capital Foreign Debt fund V | 462 | | 20 | |

**Investments in joint ventures**

Companies that Fortis Bank owns and controls jointly with other companies (joint ventures) are measured at net asset value. The most significant joint ventures in which Fortis Bank participates is Bank van De Post/ Banque de La Poste.

### *Bank van De Post*

Bank van De Post / Banque de la Poste , a jointly owned subsidiary of Fortis Bank and the Belgian Post Office, provides standard financial products and services, i.e. retail banking products, savings products, investments and credit facilities to individuals and businesses via post offices in Belgium. Fortis Bank has a 50% economic interest in this joint venture.

| | *2006* | *2005* |
|---|---|---|
| Joint venture Bank van De Post/Banque de la Poste (on a 100% basis) | | |
| Income | 272 | 266 |
| Expenses | ( 266) | ( 265) |
| Total assets | 6.591 | 6.252 |
| Total liabilities | 6.436 | 5.993 |

# 19 Trade and other receivables

The table below shows the components of trade and other receivables at 31 December.

| | 2006 | 2005 |
|---|---|---|
| Fees and commisions receivable | 156 | 130 |
| Operating lease receivables | 9 | 5 |
| Receivables from intermediaries | 19 | 7 |
| Factoring receivables | 1.811 | 1.633 |
| Receivables related to securities transactions with banks | 428 | 193 |
| Receivables related to securities transactions with customers | 1.421 | 1.261 |
| Other | 2.283 | 3.811 |
| Total, gross | 6.127 | 7.040 |
| Impairments | ( 22 ) | ( 30 ) |
| Net total | 6.105 | 7.010 |

Other receivables include value-added and other indirect taxes as well as transitory balances related to clearing activities.

### Change in impairments of trade and other receivables

The following table shows the changes in the impairments of trade and other receivables.

| | 2006 | 2005 |
|---|---|---|
| Balance 1 January | 30 | 3 |
| Acquisitions/divestments of subsidiaries | 9 | 21 |
| Increase in impairments | 4 | 5 |
| Release of impairments | ( 2 ) | ( 1 ) |
| Write-offs of uncollectible amounts | ( 18 ) | ( 4 ) |
| Foreign exchange differences and other adjustments | ( 1 ) | 6 |
| Balance 31 December | 22 | 30 |

# 20 Property, plant and equipment

The table below shows the net carrying amount for each category of property, plant and equipment at 31 December.

| | *2006* | *2005* |
|---|---|---|
| Land and buildings held for own use | 1.439 | 1.486 |
| Leasehold improvements | 282 | 218 |
| Equipment | 407 | 308 |
| Buildings under construction | 25 | 6 |
| Total | 2.153 | 2.018 |

## Changes in property, plant and equipment

Changes in property, plant and equipment for the years 2006 and 2005 are shown below.

| | 2006 | | | | |
|---|---|---|---|---|---|
| | *Land & Buildings held for own use* | *Leasehold improve-ments* | *Equipment and motor-vehicles* | *Buildings under construction* | *Total* |
| Cost basis at 1 January | 2.211 | 460 | 1.066 | 6 | 3.743 |
| Acquisitions/divestments of subsidiaries | ( 1 ) | 9 | 105 | 14 | 127 |
| Additions | 70 | 136 | 201 | 7 | 414 |
| Reversal of cost due to disposals | ( 28 ) | ( 9 ) | ( 118 ) | | ( 155 ) |
| Foreign exchange differences | ( 7 ) | ( 6 ) | ( 9 ) | | ( 22 ) |
| Other | 7 | | ( 6 ) | ( 2 ) | ( 1 ) |
| Cost basis at 31 December | 2.252 | 590 | 1.239 | 25 | 4.106 |
| | | | | | |
| Accumulated depreciation | | | | | |
| 1 January | ( 720 ) | ( 241 ) | ( 751 ) | | ( 1.712 ) |
| Acquisitions/divestments of subsidiaries | | ( 4 ) | ( 41 ) | | ( 45 ) |
| Depreciation expense | ( 87 ) | ( 53 ) | ( 144 ) | | ( 284 ) |
| Reversal of depreciation due to disposals | 13 | 7 | 105 | | 125 |
| Foreign exchange differences | | 2 | 4 | | 6 |
| Other | ( 8 ) | ( 18 ) | 3 | | ( 23 ) |
| Accumulated depreciation at 31 December | ( 802 ) | ( 307 ) | ( 824 ) | | ( 1.933 ) |
| | | | | | |
| Impairments at 1 January | ( 5 ) | | ( 8 ) | | ( 13 ) |
| Increase of impairments charged to profit and loss | ( 2 ) | ( 1 ) | | | ( 3 ) |
| Reversal of impairments due to disposals | 1 | | | | 1 |
| Other | ( 5 ) | | | | ( 5 ) |
| Impairments at 31 December | ( 11 ) | ( 1 ) | ( 8 ) | | ( 20 ) |
| | | | | | |
| Net property, plant and equipment at 31 December | 1.439 | 282 | 407 | 25 | 2.153 |

| | Land & Buildings held for own use | Leasehold improve-ments | Equipment and motor-vehicles | Buildings under construction | Total |
|---|---|---|---|---|---|
| | | | | | 2005 |
| Acquisition cost at 1 January | 2.112 | 402 | 1.081 | 9 | 3.604 |
| Acquisitions/divestments of subsidiaries | 19 | 22 | 26 | | 67 |
| Additions | 59 | 65 | 135 | 6 | 265 |
| Reversal of cost due to disposals | ( 76 ) | ( 34 ) | ( 176 ) | ( 1 ) | ( 287 ) |
| Foreign exchange differences | 2 | 4 | 6 | | 12 |
| Other | 95 | 1 | ( 6 ) | ( 8 ) | 82 |
| Cost basis at 31 December | 2.211 | 460 | 1.066 | 6 | 3.743 |
| | | | | | |
| Accumulated depreciation | | | | | |
| 1 January | ( 627 ) | ( 219 ) | ( 791 ) | | ( 1.637 ) |
| Acquisitions/divestments of subsidiaries | 11 | ( 4 ) | ( 3 ) | | 4 |
| Depreciation expense | ( 97 ) | ( 44 ) | ( 118 ) | | ( 259 ) |
| Reversal of depreciation due to disposals | 7 | 24 | 156 | | 187 |
| Foreign exchange differences | | ( 2 ) | ( 5 ) | | ( 7 ) |
| Other | ( 14 ) | 4 | 10 | | |
| Accumulated depreciation | | | | | |
| at 31 December | ( 720 ) | ( 241 ) | ( 751 ) | | ( 1.712 ) |
| | | | | | |
| Impairments at 1 January | ( 4 ) | | ( 10 ) | | ( 14 ) |
| Increase of impairments charged to profit and loss | ( 7 ) | | ( 4 ) | | ( 11 ) |
| Reversal of impairments due to disposals | | | 6 | | 6 |
| Other | 6 | | | | 6 |
| Impairments at 31 December | ( 5 ) | | ( 8 ) | | ( 13 ) |
| | | | | | |
| Net property, plant and equipment at 31 December | 1.486 | 219 | 307 | 6 | 2.018 |

Amounts in Other in Land and Buildings and Buildings under construction relate primarily to transfers to and from building held for sale.

Of the property, plant and equipment listed above, assets representing an amount of EUR 10 million (2005: EUR 6 million) have been pledged as collateral for loans.

At 31 December 2006, property, plant and equipment included an amount of EUR 0 million (2005: EUR 1 million) related to capitalised funding costs.

## Fair value of owner-occupied property

The fair value of owner-occupied property is set out below.

| | 2006 | 2005 |
|---|---|---|
| Total fair value of owner-occupied property | 1.811 | 1.775 |
| Total carrying amount: | 1.439 | 1.486 |
| Gross unrealised gain/loss | 372 | 289 |
| Taxation | ( 118 ) | ( 102 ) |
| Net unrealised gain/loss (not recognised in equity) | 254 | 187 |

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 in the following components: structure, closing, techniques and equipment, heavy 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 |
| Technics 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, office and 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 at 31 December were as follows:

| | *2006* | *2005* |
|---|---|---|
| Goodwill | 744 | 475 |
| Purchased software | 73 | 49 |
| Internally developed software | 60 | 2 |
| Other intangible assets | 103 | 109 |
| Total | 980 | 635 |

Intangible assets are amortised in accordance with the expected lives of the assets. Under IFRS, goodwill is tested for impairment at least annually by comparing the recoverable amount to the carrying value.

Other intangible assets include intangible assets with definite useful lives, such as concessions, patents, licences, know-how, 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 2006 and 2005 are shown below.

| | | | | | 2006 |
|---|---|---|---|---|---|
| | Goodwill | Purchased software | Internally developed software | Other intangible assets | Total |
| Acquisition cost at 1 January | 475 | 181 | 2 | 134 | 792 |
| Acquisitions/divestments of subsidiaries | 311 | 57 | 58 | 46 | 472 |
| Reversal of cost due to disposals | | ( 9 ) | | | ( 9 ) |
| Foreign exchange differences | ( 57 ) | ( 2 ) | | ( 10 ) | ( 69 ) |
| Other | 15 | | | ( 10 ) | 5 |
| Acquisition cost at 31 December | 744 | 227 | 60 | 160 | 1.191 |
| | | | | | |
| Accumulated amortisation 1 January | | ( 132 ) | | ( 13 ) | ( 145 ) |
| Acquisitions/divestments of subsidiaries | | ( 1 ) | | | ( 1 ) |
| Amortisation expense | | ( 23 ) | | ( 28 ) | ( 51 ) |
| Reversal of amortisation due to disposals | | 8 | | | 8 |
| Foreign exchange differences | | 1 | | 1 | 2 |
| Other | | ( 7 ) | | ( 8 ) | ( 15 ) |
| Accumulated amortisation 31 December | | ( 154 ) | | ( 48 ) | ( 202 ) |
| | | | | | |
| Impairments at 1 January | | | | ( 12 ) | ( 12 ) |
| Divestments of subsidiaries | | | | | |
| Increase of impairments charged to profit or loss | | | | | |
| Reversal of impairments charged to profit or loss | | | | | |
| Foreign exchange differences | | | | | |
| Other | | | | 3 | 3 |
| Impairments at 31 December | | | | ( 9 ) | ( 9 ) |
| | | | | | |
| Net intangible assets at 31 December | 744 | 73 | 60 | 103 | 980 |

| | | | | | 2005 |
|---|---|---|---|---|---|
| | Goodwill | Purchased software | Internally developed software | Other intangible assets | Total |
| Acquisition cost at 1 January | 36 | 135 | | 57 | 228 |
| Acquisitions/divestments of subsidiaries | 435 | 46 | 2 | 87 | 570 |
| Reversal of cost due to disposals | | ( 9 ) | | ( 8 ) | ( 17 ) |
| Foreign exchange differences | 5 | 2 | | 1 | 8 |
| Other | ( 1 ) | 7 | | ( 3 ) | 3 |
| Acquisition cost at 31 December | 475 | 181 | 2 | 134 | 792 |
| | | | | | |
| Accumulated amortisation 1 January | | ( 114 ) | | ( 9 ) | ( 123 ) |
| Acquisitions/divestments of subsidiaries | | 2 | | | 2 |
| Amortisation expense | | ( 17 ) | | ( 17 ) | ( 34 ) |
| Reversal of amortisation due to disposals | | 4 | | 7 | 11 |
| Foreign exchange differences | | ( 1 ) | | | ( 1 ) |
| Other | | ( 6 ) | | 6 | |
| Accumulated amortisation 31 December | | ( 132 ) | | ( 13 ) | ( 145 ) |
| | | | | | |
| Impairments at 1 January | | | | ( 13 ) | ( 13 ) |
| Divestments of subsidiaries | 2 | | | | 2 |
| Increase of impairments charged to profit or loss | ( 3 ) | | | | ( 3 ) |
| Reversal of impairments charged to profit or loss | | | | | |
| Foreign exchange differences | | | | | |
| Other | 1 | | | 1 | 2 |
| Impairments at 31 December | | | | ( 12 ) | ( 12 ) |
| | | | | | |
| Net intangible assets at 31 December | 475 | 49 | 2 | 109 | 635 |

## Impairment on goodwill

Impairment testing regarding goodwill is performed annually at the end of the year by comparing the recoverable amount of cash-generating units (CGU) to their carrying amount. The recoverable amount is determined by the highest of the value in use or fair value less costs to sell. The type of acquired entity determines the definition of the type CGU. Currently all CGUs have been defined- at (legal) entity level.

The recoverable amount of a CGU is assessed through a discounted cash flow model of the anticipated future flows of the CGU. The key assumptions used in the cash flow model depend on input reflecting various financial and economic variables, including the risk-free rate in a given country and a premium to reflect the inherent risk of the entity being evaluated. These variables are determined on the basis of management's judgment. If the entity is listed on a stock market, also this market price is considered as an element in the evaluation.

In 2006, as in 2005 no impairments have been recorded on goodwill.

The breakdown of goodwill and impairment loss for the main cash-generating units at 31 December 2006 was as follows:

| Cash-generating unit (CGU) | *Goodwill amount* | *Segment* | *Method used for recoverable amount* |
|---|---|---|---|
| Fundamentum Asset Management | 27 | Commercial & Private Banking | Value in use |
| Centrapriv | 26 | Commercial & Private Banking | Value in use |
| Fortis Commercial Finance | 36 | Commercial & Private Banking | Value in use |
| Alpha Credit | 22 | Retail Banking | Value in use |
| Von Essen KG Bank | 31 | Retail Banking | Value in use |
| Fortis Bank AS (Turkey) | 288 | Multi-segment CGU | Value in use and Market Price |
| Cadogan | 116 | Retail Banking | Value in use |
| Fortis Energy | 131 | Merchant Banking | Value in use |
| Other | 67 | | |
| Total | 744 | | |

# 22 Discontinued operations

In 2006 Fortis Bank sold Fortis Bank Insurance.

The decision to sell Fortis Bank Insurance was taken in 2005. Therefore IFRS 5, Non-current Assets held for Sale and Discontinued Operations, has been applied.

## 22.1 Assets and liabilities classified as held for sale

Assets and liabilities classified as held for sale can be detailed as follows:

| | *31 December 2005* |
|---|---:|
| Assets | |
| Cash and cash equivalents | 610 |
| Assets held for trading | 271 |
| Due from banks | 2.282 |
| Due from customers | 827 |
| Investments: | |
| *- Held to maturity* | |
| *- Available for sale* | *13.834* |
| *- Held at fair value through profit and loss account* | *414* |
| *- Investment property* | *252* |
| *- Investments in associates and joint ventures* | *14.500* |
| | |
| Unit-linked investments | 6.492 |
| Reinsurance, trade and other receivables | 118 |
| Property, plant and equipment | 18 |
| Goodwill and intangible assets | 21 |
| Accrued interest and other assets | 438 |
| Total assets | 25.577 |
| | |
| Liabilities | |
| Liabilities held for trading | |
| Due to banks | 2.464 |
| Due to customers | 16 |
| Technical provisions | 13.657 |
| Liabilities related to unit-linked products | 6.492 |
| Debt certificates | |
| Subordinated liabilities | 250 |
| Other borrowings | |
| Provisions | 12 |
| Current and deferred tax liabilities | 312 |
| Accrued interest, expenses and other liabilities | 288 |
| Total liabilities | 23.491 |
| | |
| Shareholders' equity | 2.086 |
| Minority interests | |
| Total equity | 2.086 |
| | |
| Total liabilities and equity | 25.577 |

## 22.2 Net profit on discontinued operations

Net profit on discontinued operations can be detailed as follows:

| | *31 December 2005* |
|---|---|
| Total income | 4.191 |
| Total expenses | ( 3.829) |
| Net profit before taxation | 362 |
| Taxation | ( 109) |
| Net profit | 253 |

## 22.3 Cash flow statement

The cash flow can be detailed as follows:

| | *31 December 2005* |
|---|---|
| Cash flow from operating activities | 2.443 |
| Cash flow from investing activities | (2.331) |
| Cash flow from financing activities | (40) |

# 23 Accrued interest and other assets

The table below shows the components of accrued interest and other assets at 31 December.

| | 2006 | 2005 |
|---|---|---|
| Deferred other charges | 306 | 262 |
| Accrued interest income | 26.268 | 21.058 |
| Accrued other income | 1.744 | 907 |
| Derivatives held for hedging purposes | 533 | 315 |
| Buildings held for sale | 17 | 10 |
| Pension assets | 1.855 | 1.818 |
| Deferred tax assets | 850 | 641 |
| Current income tax receivable | 365 | 329 |
| Other | 29.003 | 22.552 |
| Total gross | 60.941 | 47.892 |
| Impairments | ( 15 ) | ( 13 ) |
| Net total | 60.926 | 47.879 |

Derivatives held for hedging purposes contains the positive fair value of all derivatives qualifying as hedging instruments in fair value and in cash flow hedges. The hedging strategies are further explained in note 6 Risk Management.

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. Other contains balancing temporary amounts between trade date and settlement date.

For more details on pension plans and related pension assets, see note 8 Post employment benefits and other long-term employee benefits.

# 24 Due to banks

The table below shows the components of 'due to banks' at 31 December.

| | 2006 | 2005 |
|---|---|---|
| Deposits from banks: | | |
| Demand Deposits | 7.304 | 6.062 |
| Time deposits | 75.291 | 69.774 |
| Other deposits | 145 | 60 |
| Total deposits | 82.740 | 75.896 |
| | | |
| Repurchase agreements | 61.526 | 73.299 |
| Securities lending | 19.086 | 11.537 |
| Advances against collateral | 12.500 | 10.000 |
| Held at fair value through profit or loss | 439 | 1.833 |
| Other | 870 | 2.215 |
| **Total** | **177.161** | **174.780** |

The average balance of 'Due to banks' amounted to EUR 182.761 million (2005: EUR 171.969 million). The average yield in 2006 was 3,6% (2005: 2,8%). Non-interest-bearing deposits from banks were EUR 133 million in 2006 (2005: EUR 217 million).

In the Merchant Banking segment, Fortis Bank has designated financial liabilities part of 'Due to banks' as '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.

There is no significant difference between the carrying amount of the liabilities held at fair value through profit or loss and the nominal value of these liabilities.

**Contractual terms of deposit held by banks**

Deposits held by banks by year of contractual maturity at 31 December are as follows:

| | 2006 | 2005 |
|---|---|---|
| 2006 | | 75.543 |
| 2007 | 82.238 | 35 |
| 2008 | 158 | 32 |
| 2009 | 59 | 23 |
| 2010 | 14 | 21 |
| 2011 | 27 | |
| Later | 244 | 242 |
| Total deposits | 82.740 | 75.896 |

# 25 Due to customers

The table below shows the components of 'Due to customers' at 31 December.

| | *2006* | *2005* |
|---|---|---|
| Demand deposits | 76.127 | 73.477 |
| Saving deposits | 55.720 | 58.051 |
| Time deposits | 74.770 | 60.209 |
| Other deposits | 229 | 649 |
| Total deposits | 206.846 | 192.386 |
| | | |
| Repurchase agreements | 48.391 | 67.364 |
| Securities lending | 4.271 | 2.271 |
| Other borrowings | 504 | 494 |
| Held at fair value through profit or loss | 44 | 770 |
| Total due to customers | 260.056 | 263.285 |

The average balance of 'Due to customers' amounted to EUR 268.274 million in 2006 (2005: EUR 236.221 million). The average yield was 3,3% in 2006 (2005: 2,9%).

Fortis Bank has designated financial liabilities as part of 'due to customers 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 evaluated on a fair value basis.

The notional value of the liabilities held at fair value through profit or loss was EUR 44 million at 31 December 2006 (2005: EUR 770 million).

**Customer deposits**

The average rates of interest paid on deposits during the year ended 31 December are shown below.

| | *2006* | *2005* |
|---|---|---|
| Interest bearing demand deposits | 1,5% | 1,2% |
| Saving deposits | 2,3% | 2,2% |
| Time deposits | 3,3% | 2,8% |

The average amount of deposits of customers during the year was EUR 245,076 million (2005: EUR 202,024 million).

## Maturity dates of customer deposits

The maturity dates of customer deposits at 31 December are shown below.

| | *2006* | *2005* |
|---|---|---|
| 2006 | | 179.758 |
| 2007 | 193.334 | 2.553 |
| 2008 | 1.364 | 932 |
| 2009 | 2.483 | 1.383 |
| 2010 | 965 | 1.206 |
| 2011 | 561 | |
| Later | 8.139 | 6.555 |
| Total customer deposits | 206.846 | 192.386 |

# 26 Debt certificates

The following table shows the types of debt certificates issued by Fortis Bank and the amounts outstanding at 31 December.

| | 2006 | 2005 |
|---|---|---|
| Bons de caisse / Kasbons | 6.347 | 7.818 |
| Commercial paper | 73.189 | 62.187 |
| Other | 1.781 | 1.580 |
| Total at amortised cost | 81.317 | 71.585 |
| Held at fair value through profit or loss | 9.043 | 5.242 |
| Total debt certificates | 90.360 | 76.827 |

The average balance of debt certificates amounted to EUR 82.379 million in 2006 (2005: EUR 72.532 million). The average yield was 4,1% in 2006 (2005: 3,4%).

Fortis Bank has designated selected debt certificates with embedded derivatives and corresponding investments at fair value through profit or loss, reducing a potential accounting mismatch. The combined contract of debt certificates issued, containing embedded derivatives, is designated at fair value through profit or loss avoiding separation of the embedded derivative. The nominal value of the debt securities held at fair value through profit or loss was EUR 9.043 million at 31 December 2006 (2005: EUR 5.242 million).

The balance of debt securities outstanding at 31 December based on contractual maturity is shown below.

| | 2006 | 2005 |
|---|---|---|
| 2005 | | |
| 2006 | | 42.177 |
| 2007 | 51.142 | 3.650 |
| 2008 | 7.255 | 3.553 |
| 2009 | 8.089 | 6.157 |
| 2010 | 4.940 | 9.363 |
| 2011 | 4.627 | |
| Later | 5.264 | 6.685 |
| Total debt certificates | 81.317 | 71.585 |

# 27 Subordinated liabilities

The following table provides a specification of the subordinated liabilities at 31 December.

| | 2006 | 2005 |
|---|---|---|
| Other hybrid and Tier 1 liabilities | 2.438 | 2.432 |
| Subordinated liabilities | 10.303 | 8.675 |
| Held at fair value through profit or loss | 1.322 | 1.325 |
| Fair value adjustment from hedge accounting | 17 | 58 |
| Total subordinated liabilities | 14.080 | 12.490 |

The average balance for subordinated liabilities was EUR 13.571 million in 2006 (2005: EUR 11.630 million). The average yield was 5,0% in 2006 (2005: 5,2%).

## 27.1 Hybrid and Tier 1 liabilities

Hybrid and Tier 1 liabilities consist of:

- Redeemable perpetual cumulative debt securities with a nominal amount of EUR 1.000 million issued by Fortis Bank in 2001, at an interest rate of 6,50% until 26 September 2011 and 3 month Euro Reference Rate +2,37% thereafter;
- Directly issued perpetual securities with a nominal amount EUR 1.000 million issued by Fortis Bank in 2004, at an interest rate of 4,625% until 27 October 2014 and 3 month Euro Reference Rate +1,70% thereafter;
- Non-cumulative non-voting perpetual preference shares with a nominal amount of EUR 450 million issued by Fortis Capital Company Limited in 1999, at an interest rate of 6,25% until 29 June 2009 and 3-month Euribor +2,60% thereafter.

**Non-cumulative non-voting perpetual preference shares**

In June 1999 Fortis Bank issued non-cumulative non-voting perpetual preference shares. The regulator considers these preference shares as part of the Tier 1 capital of the bank. The issue was initially composed of two tranches:

- a tranche of EUR 450 million with a fixed coupon of 6,25% for the first ten years, and a variable coupon of 3-month Euribor plus 2,60% in subsequent years. After 10 years and once a year in subsequent years Fortis has the opportunity to redeem the instrument for cash on a distribution date;
- a tranche of EUR 200 million with a fixed coupon of 7,00% for the entire duration. Fortis Bank redeemed this tranche in early 2004.

The preference shares have the benefit of a Support Agreement, pursuant to which Fortis Bank, Fortis Bank Nederland (Holding) N.V., Fortis N.V. and Fortis SA/NV (the 'Supporting Companies') jointly and severally agree to contribute to Fortis Capital Limited any additional funds necessary to allow it to pay dividends on the preference shares in the event that any of the Supporting Companies pays a dividend on its ordinary or preference shares in the same financial year.
Under this arrangement, the payment of any dividend by any of the Supporting Companies on its own capital stock would automatically trigger a full or proportional dividend entitlement for the investors in the hybrid securities, with full recourse against the Supporting Companies. This could theoretically lead to a situation where, even if the Supporting Companies were to have sufficient aggregate distributable reserves to pay a dividend on their own capital stock, this payment would trigger payment obligation under the Support Agreement for which their distributable reserves would not be adequate.

As a condition for its acceptance of the hybrid securities as constituting Tier 1 capital of Fortis Bank, the supervisory authorities have therefore requested that appropriate measures be put in place to ensure that any payments to be made by Fortis SA/NV or Fortis Bank under the Support Agreement as triggered by a dividend payment on their own shares be capped to the level of the aggregate distributable reserves of the Supporting Companies. To meet this condition, the Board of Directors has decided that Fortis Bank SA/NV will not declare a dividend on its ordinary shares or on its preference shares or other capital instruments (if applicable) unless the aggregate of the distributable reserves of the Supporting Companies is sufficient to cover all dividend payments relating to their respective ordinary shares, preference shares or other capital instruments, as well as any amounts payable in the same financial year pursuant to their obligations under the Support Agreement.

**Hybrid securities directly issued by Fortis Bank**

In 2001 and 2004, Fortis Bank directly issued perpetual hybrid debt securities with a nominal amount of in each case 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 Bank SA/NV and Fortis Bank N.V.

## 27.2 Other subordinated liabilities

Other subordinated liabilities include the following:

- debt securities (not covered by collateral) denominated in various currencies (2006: EUR 10.206 million; 2005: EUR 8.987 million) with an average interest rate of 4,54% (2005: 4,60%).
- perpetual loans denominated in various currencies (2006: EUR 1.436 million; 2005: EUR 1.516 million) with an average interest rate of 5,09 % (2005: 5,60 %).

Fortis Bank has designated selected subordinated liabilities and corresponding investments to be valued at fair value through profit or loss, reducing an accounting mismatch.

Fortis Bank hedges interest rate risk of 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;
- does not contain 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 designated. Subordinated liabilities included in a portfolio hedge of interest rate risk need to share the risk being hedged. The 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 subordinated liabilities which are attributable to the hedged interest rate risk are recorded in the line Fair value adjustment from 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 designation of the hedging is amortised over the remaining life of the hedged item and is reported in Fair value adjustment from hedge accounting.

The nominal value of the subordinated liabilities held at fair value through profit or loss was EUR 1.271 million at 31 December 2006 (2005: EUR 1.325 million).

# 28 Other borrowings

The table below shows the components of other borrowings at 31 December.

| | 2006 | 2005 |
|---|---|---|
| Finance lease obligations | 4 | 2 |
| Private loans | 618 | 4.045 |
| Deposits related to margin accounts and collateral | 895 | 331 |
| Other | 661 | 645 |
| Total other borrowings | 2.178 | 5.023 |

## 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 | |
|---|---|---|---|---|
| | 2006 | 2005 | 2006 | 2005 |
| Not later than 3 months | 1 | | 1 | |
| Later than 3 months and not later than 1 year | 2 | 1 | 2 | 1 |
| Later than 1 year and not later than 5 years | 1 | 1 | 1 | 1 |
| Later than 5 years | | | | |
| Total | 4 | 2 | 4 | 2 |
| Future finance charges | | | | |

## Total other borrowings

The total of the other borrowings is classified by remaining maturity in the table below.

| | 2006 | 2005 |
|---|---|---|
| Not later than 3 months | 1.382 | 3.797 |
| Later than 3 months and not later than 1 year | 275 | 567 |
| Later than 1 year and not later than 5 years | 236 | 133 |
| Later than 5 years | 285 | 526 |
| **Total** | **2.178** | **5.023** |

# 29 Provisions

The table below shows the breakdown of provisions at 31 December.

| | *2006* | *2005* |
|---|---|---|
| Credit commitments | 229 | 230 |
| Restructuring | 133 | 204 |
| Other | 355 | 361 |
| Total provisions | 717 | 795 |

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 recently acquired entities and to the further streamlining of the global Fortis Bank organisation and infrastructure. Restructuring provisions include staff- and other operating expenses related provisions.

The provisions for early departure programmes are based on the arrangements in the collective labour agreements. The provisions are set up when the collective labour agreements are finalised and the cash outflows are in line with the terms of the collective labour agreements. The provision for the plan to upgrade the quality of management, announced at the end of 2005, had a horizon of one year and the use of this provision mainly explain the decrease in restructuring provisions in 2006.

Other provisions consist of:
- tax litigation
- legal litigation

The provision for tax and legal litigation is based on best estimates available at year end supported by the opinion of legal and tax advisors. The timing of the outflow of cash related to this provision is by nature uncertain given the unpredictability of the outcome and the time involved in concluding litigations.

Changes in provisions during the year were as follows:

| | *Credit commitments* | *Restruc-turing* | *Other* | *Total* |
|---|---|---|---|---|
| At 1 January 2005 | 193 | 99 | 406 | 698 |
| Acquisition and divestment of subsidiaries | 13 | 1 | 27 | 41 |
| Additional amounts provided | 138 | 160 | 128 | 426 |
| Reversal of unused provisions | ( 112 ) | ( 18 ) | ( 99 ) | ( 229 ) |
| Utilised during the year | ( 6 ) | ( 20 ) | ( 77 ) | ( 103 ) |
| Accretion of interest | | 1 | | 1 |
| Foreign exchange differences | 3 | | 2 | 5 |
| Other | 1 | ( 19 ) | ( 26 ) | ( 44 ) |
| At 31 December 2005 | 230 | 204 | 361 | 795 |
| | | | | |
| Acquisition and divestment of subsidiaries | | | | |
| Increase of provisions | 76 | 54 | 72 | 202 |
| Reversal of unused provisions | ( 100 ) | ( 32 ) | ( 37 ) | ( 169 ) |
| Utilised during the year | | ( 100 ) | ( 22 ) | ( 122 ) |
| Accretion of interest | | 1 | | 1 |
| Foreign exchange differences | ( 6 ) | | ( 5 ) | ( 11 ) |
| Other | 29 | 6 | ( 14 ) | 21 |
| At 31 December 2006 | **229** | **133** | 355 | 717 |

# 30 Current and deferred tax liabilities

The table below summarises the tax position at 31 December:

| | | | 2006 | | | 2005 |
|---|---|---|---|---|---|---|
| | *Current* | *Deferred* | *Total* | *Current* | *Deferred* | *Total* |
| Assets | 365 | 850 | 1.215 | 329 | 641 | 970 |
| Liabilities | 1.000 | 469 | 1.469 | 649 | 660 | 1.309 |

Tax assets are included under Accrued interest and other assets (see note 23).

Deferred tax assets and liabilities at 31 December are shown below.

| | Balance Sheet | | Income statement | |
|---|---|---|---|---|
| | 2006 | 2005 | 2006 | 2005 |
| *Deferred tax assets:* | | | | |
| Assets held for trading (trading securities /derivative financial instruments /other assets held for trading) | 146 | 224 | ( 81 ) | 24 |
| Liabilities held for trading (short security sales / derivative financial instruments /other liabilities held for trading) | 138 | 432 | ( 295 ) | ( 337 ) |
| Investments (HTM/AFS) | 13 | 1 | 11 | ( 2 ) |
| Investment property | 1 | 1 | | |
| Property, plant and equipment | 23 | 29 | | ( 28 ) |
| Intangible assets (excluding goodwill) | 2 | 1 | 1 | |
| Due from customers | 153 | 106 | 52 | 1 |
| Impairments on loans | 226 | 162 | 66 | 60 |
| Debt certificates and subordinated liabilities | 21 | 46 | ( 26 ) | 46 |
| Provisions for pensions and post-retirement Benefits | 254 | 310 | ( 56 ) | 48 |
| Other provisions | 137 | 169 | 5 | 43 |
| Accrued expenses and deferred income | 18 | 4 | 14 | 1 |
| Unused tax losses | 238 | 67 | 174 | 19 |
| Other | 177 | 365 | ( 176 ) | ( 10 ) |
| Gross deferred tax assets | 1.547 | 1.917 | ( 311 ) | ( 135 ) |
| Not recognised deferred tax assets | ( 55 ) | ( 32 ) | ( 22 ) | ( 28 ) |
| Net deferred tax assets | 1.492 | 1.885 | ( 333 ) | ( 163 ) |
| | | | | |
| *Deferred tax liabilities related to:* | | | | |
| Assets held for trading (trading securities /derivative financial instruments /other assets held for trading) | 125 | 172 | ( 7 ) | ( 216 ) |
| Liabilities held for trading (short security sales / derivative financial instruments /other liabilities held for trading) | 1 | ( 1 ) | 2 | ( 50 ) |
| Investments (HTM/AFS) | 120 | 786 | ( 63 ) | ( 49 ) |
| Investment property | 9 | 9 | ( 1 ) | |
| Property, plant and equipment | 174 | 193 | ( 17 ) | ( 12 ) |
| Intangible assets (excluding goodwill) | 36 | 22 | 7 | ( 4 ) |
| Due from customers | 109 | 166 | ( 52 ) | 61 |
| Impairments on loans | 8 | 21 | ( 13 ) | 2 |
| Debt certificates and subordinated liabilities | 26 | 48 | ( 22 ) | 12 |
| Other provisions | 126 | 119 | 5 | 43 |
| Deferred expense and accrued income | 55 | 7 | 47 | 10 |
| Tax exempt realised reserves | 1 | 1 | | 1 |
| Other | 321 | 361 | ( 49 ) | 64 |
| Total deferred tax liabilities | 1.111 | 1.904 | ( 163 ) | ( 138 ) |
| | | | | |
| Deferred tax expense | | | 170 | 25 |
| | | | | |
| Net deferred tax | 381 | ( 19 ) | | |

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 related to the same taxation authority. The offset amounts are as follows:

| | 2006 | 2005 |
|---|---|---|
| Deferred tax asset | 850 | 641 |
| Deferred tax liability | 469 | 660 |
| Net deferred tax | 381 | ( 19 ) |

Deferred income tax liabilities of EUR 8.990 million (2005: EUR 7.942 million) have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries. Such amounts are permanently reinvested. The total amount of tax payable if all these reserves were paid out to the respective parents would be EUR 76 million (2005 EUR 77 million).

# 31 Accrued interest and other liabilities

The composition of accrued interest and other liabilities at 31 December was as follows:

| | 2006 | 2005 |
|---|---|---|
| Deferred revenues | 597 | 531 |
| Accrued interest expense | 24.439 | 19.231 |
| Accrued other expenses | 1.859 | 1.169 |
| Derivatives held for hedging purposes | 196 | 1.843 |
| Pension liabilities | 2.263 | 2.120 |
| Other employee benefit liabilities | 1.107 | 1.158 |
| Accounts payable | 869 | 1.326 |
| Due to agents and intermediaries | 2 | 12 |
| VAT and other taxes payable | 118 | 85 |
| Dividends payable | 8 | 5 |
| Other liabilities | 16.056 | 13.269 |
| Total | 47.514 | 40.749 |

'Derivatives held for hedging purposes' contains the negative fair value of all derivatives qualifying as hedging instruments in fair value hedges and in cash flow hedge. The hedging strategies are further explained in note 6 Risk management.

Further details on pension liabilities can be found in note 8 Post-Employment Benefits and Other Long Term Employee Benefits. Other employee benefit liabilities relates to, among other things, other post-employment benefits (see note 8), 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 contains balancing temporary amounts between trade date and settlement date.

# 32 Derivatives

Derivatives include forwards, futures, swaps and options 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. the 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 change 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 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 exchange 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 futures 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 futures 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 Derivatives held for trading

The derivatives held for trading at 31 December were composed of the following:

| | Assets | | Liabilities | |
|---|---|---|---|---|
| | *Fair values* | *Notional amount* | *Fair values* | *Notional amount* |
| *2006* | | | | |
| Foreign exchange contracts | | | | |
| Forwards and futures | 702 | 164.341 | 677 | 164.512 |
| Interest and currency swaps | 301 | 15.765 | 251 | 15.441 |
| Options | 323 | 53.551 | 284 | 52.894 |
| Total | 1.326 | 233.657 | 1.212 | 232.847 |
| | | | | |
| Interest rate contracts | | | | |
| Forwards and futures | 12 | 14.659 | 13 | 13.194 |
| Swaps | 11.164 | 1.298.514 | 12.947 | 1.298.594 |
| Options | 5.539 | 616.216 | 5.574 | 611.713 |
| Total | 16.715 | 1.929.389 | 18.534 | 1.923.501 |
| | | | | |
| Commodity contracts | | | | |
| Forwards and futures | 554 | 12.245 | 463 | 11.706 |
| Swaps | 92 | 924 | 64 | 994 |
| Options | 250 | 150 | 247 | 384 |
| Total | 896 | 13.319 | 774 | 13.084 |
| | | | | |
| Equity/Index contracts | | | | |
| Forwards and futures | 2 | 2.943 | | 4.988 |
| Swaps | 554 | 9.339 | 276 | 21.215 |
| Options and warrants | 1.880 | 17.707 | 3.332 | 28.457 |
| Total | 2.436 | 29.989 | 3.608 | 54.660 |
| | | | | |
| Credit derivatives | | | | |
| Swaps | **133** | **15.509** | **148** | **17.624** |
| | | | | |
| Other | **44** | **118** | **60** | **87** |
| | | | | |
| Balance at 31 December 2006 | 21.550 | 2.221.981 | 24.336 | 2.241.803 |
| | | | | |
| Fair values supported by observable market data | 1.236 | | 855 | |
| Fair values obtained using a valuation model | 20.314 | | 23.481 | |
| Total | 21.550 | | 24.336 | |
| | | | | |
| OTC | 21.026 | 2.186.881 | 24.016 | 2.197.710 |
| Exchange traded | 524 | 35.100 | 320 | 44.093 |
| Total | 21.550 | 2.221.981 | 24.336 | 2.241.803 |

| | Assets | | Liabilities | |
|---|---|---|---|---|
| | *Fair values* | *Notional amount* | *Fair values* | *Notional amount* |
| *2005* | | | | |
| Foreign exchange contracts | | | | |
| Forwards and futures | 494 | 234.006 | 346 | 233.840 |
| Interest and currency swaps | 610 | 14.891 | 577 | 14.508 |
| Options | 348 | 50.322 | 279 | 49.086 |
| Total | 1.452 | 299.219 | 1.202 | 297.434 |
| Interest rate contracts | | | | |
| Forwards and futures | 34 | 24.082 | 19 | 30.876 |
| Swaps | 12.463 | 1.306.295 | 13.588 | 1.293.547 |
| Options | 7.099 | 433.679 | 6.981 | 424.351 |
| Total | 19.596 | 1.764.056 | 20.588 | 1.748.774 |
| Commodity contracts | | | | |
| Forwards and futures | | 2 | 1 | 13 |
| Swaps | 21 | 209 | 12 | 209 |
| Options | 118 | 639 | 129 | 602 |
| Total | 139 | 850 | 142 | 824 |
| Equity/Index contracts | | | | |
| Forwards and futures | | 447 | 20 | 2.245 |
| Swaps | 408 | 9.381 | 92 | 11.751 |
| Options and warrants | 1.991 | 12.612 | 2.674 | 16.651 |
| Total | 2.399 | 22.440 | 2.786 | 30.647 |
| Credit derivatives | | | | |
| Swaps | 237 | 17.398 | 160 | 4.866 |
| Other | 48 | 373 | 116 | 349 |
| Balance at 31 December 2005 | 23.871 | 2.104.336 | 24.994 | 2.082.894 |
| Fair values supported by observable market data | 1.643 | | 579 | |
| Fair values obtained using a valuation model | 22.228 | | 24.415 | |
| Total | 23.871 | | 24.994 | |
| OTC | 23.716 | 2.078.089 | 24.869 | 2.051.909 |
| Exchange traded | 155 | 26.247 | 125 | 30.985 |
| Total | 23.871 | 2.104.336 | 24.994 | 2.082.894 |

## 32.2 Derivatives held for hedging purposes

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 at 31 December are shown below.

| | | *Assets* | | *Liabilities* |
|---|---|---|---|---|
| | *Fair values* | *Notional amount* | *Fair values* | *Notional amount* |
| *2006* | | | | |
| Foreign exchange contracts | | | | |
| Forwards and futures | 10 | 65 | 10 | 67 |
| Interest and currency swaps | 1 | 431 | 3 | 432 |
| Total | 11 | 496 | 13 | 499 |
| | | | | |
| Interest rate contracts | | | | |
| Swaps | 522 | 51.019 | 183 | 51.027 |
| Options | | | | |
| Total | 522 | 51.019 | 183 | 51.027 |
| | | | | |
| Balance at 31 December 2006 | 533 | 51.515 | 196 | 51.526 |
| | | | | |
| Fair values supported by observable market data | 462 | | 33 | |
| Fair values obtained using a valuation model | 71 | | 163 | |
| Total | 533 | | 196 | |
| | | | | |
| OTC | 533 | 51.515 | 196 | 51.526 |
| Exchange traded | | | | |
| Total | 533 | 51.515 | 196 | 51.526 |

| | Assets | | Liabilities | |
|---|---|---|---|---|
| | *Fair values* | *Notional amount* | *Fair values* | *Notional amount* |
| *2005* | | | | |
| Foreign exchange contracts | | | | |
| Forwards and futures | 13 | 123 | 14 | 124 |
| Interest and currency swaps | 83 | 826 | 91 | 826 |
| Total | 96 | 949 | 105 | 950 |
| | | | | |
| Interest rate contracts | | | | |
| Forwards and futures | | | | |
| Swaps | 219 | 43.504 | 1.738 | 43.508 |
| Options | | | | |
| Total | 219 | 43.504 | 1.738 | 43.508 |
| | | | | |
| Balance at 31 December 2005 | 315 | 44.453 | 1.843 | 44.458 |
| | | | | |
| Fair values supported by observable market data | 302 | | 1.288 | |
| Fair values obtained using a valuation model | 13 | | 555 | |
| Total | 315 | | 1.843 | |
| | | | | |
| OTC | 315 | 44.453 | 1.843 | 44.458 |
| Exchange traded | | | | |
| Total | 315 | | 1.843 | |

# 33 Fair values of financial assets and financial liabilities

The following table below presents the carrying amounts and fair values of those classes of financial assets and financial liabilities not reported on the Fortis Bank consolidated balance sheet at their fair value. A description of the methods used to determine the fair value of financial instruments is given below.

| | | 2006 | | 2005 |
|---|---|---|---|---|
| | *Carrying value* | *Fair value* | *Carrying value* | *Fair value* |
| Assets | | | | |
| Cash and cash equivalents | 20.792 | 20.792 | 25.594 | 25.700 |
| Due from banks | 89.413 | 89.474 | 80.054 | 80.442 |
| Due from customers | 285.877 | 289.141 | 277.862 | 282.758 |
| Investments held to maturity | 4.505 | 4.642 | 4.669 | 4.841 |
| Other receivables | 6.105 | 6.102 | 7.010 | 7.008 |
| Total financial assets | 406.692 | 410.151 | 395.189 | 400.749 |
| | | | | |
| Liabilities | | | | |
| Due to banks | 177.161 | 177.161 | 174.780 | 176.582 |
| Due to customers | 260.056 | 259.536 | 263.285 | 262.571 |
| Debt certificates | 90.360 | 90.507 | 76.827 | 77.880 |
| Subordinated liabilities | 14.080 | 14.476 | 12.490 | 13.211 |
| Other borrowings | 2.178 | 2.177 | 5.023 | 5.122 |
| Total financial liabilities | 543.835 | 543.857 | 532.404 | 535.366 |

Fair value is the amount for which an asset could be exchanged, a liability settled or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction.

Fortis Bank uses the following methods, in the order listed, in determining the fair value of financial instruments:
- quoted price in an active market;
- valuation techniques;
- cost.

When a financial instrument is traded in an active and liquid market, its quoted market price or value provides the best evidence of fair value. No adjustment is made to the fair value of large holdings of shares, unless there is a binding agreement to sell the shares at a price other than the market price. The appropriate quoted market price for an asset held or a liability to be issued is the current bid price, and for an asset to be acquired or a liability held, the ask price. Mid-market prices are used as a basis for establishing fair values of assets and liabilities with offsetting market risks.

If no active market price is available, fair values are estimated using present value or other valuation techniques based on market conditions existing at the reporting date.
If there is a valuation technique commonly used by market participants to price an instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, Fortis Bank applies that technique.

Valuation techniques that are well established in financial markets include recent market transactions, discounted cash flows and option pricing models. An acceptable valuation technique incorporates all factors that market participants would consider in setting a price, and should be consistent with accepted economic methodologies for pricing financial instruments.

The basic principles in estimating fair value are:
- maximise market inputs and minimise internal estimates and assumptions;
- change estimation techniques only if an improvement can be demonstrated or if a change is necessary because of changes in the availability of information.

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.

Methods and assumptions used in determining fair value are largely dependent on whether the instrument is traded on financial markets and what information is available to be incorporated into the valuation models. A summary of different financial instrument types along with the fair value treatment is included below.

Quoted market prices are used for financial instruments traded on a financial market with quotation of prices.

Non-exchange-traded financial instruments are often traded in over-the-counter (OTC) markets by dealers or other intermediaries from whom market prices are obtainable.
Quotations are available from various sources for many financial instruments traded regularly in the OTC market. Those sources include the financial press, various quotation publications and financial reporting services, and individual market makers.

Quoted market prices provide the most reliable fair value for derivatives traded on a recognised exchange. Fair value for derivatives not traded on a recognised exchange is considered to be the value that could be realised through termination or assignment of the derivative.

Common valuation methodologies for an interest rate swap incorporate a comparison of the yield of the swap with the current swap yield curve. The swap yield curve is derived from quoted swap rates. Dealer bid and offer quotes are generally available for basic interest rate swaps involving counterparties whose securities are investment-grade.

Factors that influence the valuation of an individual derivative include the counter party's credit standing and the complexity of the derivative. If these factors differ from the basic factors underlying the quote, an adjustment to the quoted price is considered.

The fair value (FV) calculation of financial instruments not actively negotiated on financial markets can be summarised as follows:

| Instrument Type | Fortis Products | FV Calculation |
|---|---|---|
| Instruments with no stated maturity | Current accounts, saving accounts, etc. | Nominal value. |
| Instruments without optional features | Straight loans, deposits, etc. | Discounted cash flow methodology; discounting yield curve is the swap curve plus spread (assets) or the swap curve minus spread (liabilities); spread is based on commercial margin computed based on the average on new production during last 3 months. |
| Instruments with optional features | Mortgage loans and other instruments with option features | Product is split and linear (non-optional) component is valued using a discounted cash flow methodology and option component valued based on option pricing model. |
| Subordinated loans | Subordinated loans | Discounted cash flow methodology in which spread is based on subordination cost for Fortis based on market quotations. |
| Private equity | Private equity and non-quoted participations investments | In general based on the European Venture Capital Association valuation guidelines, using amongst others Enterprise Value/EBITDA, Price/Cash flow and Price/Earnings. |
| Preference shares (non-quotes) | Preference shares | If the share is characterised as a debt instrument, a discounted cash flow model is used. |

Fortis Bank has a policy in place aimed at quantifying and monitoring pricing uncertainties related to the calculation of fair values using valuation techniques and internal models. Related uncertainties are a feature of the ‘model risk’ concept.

Model risk arises when the product pricing requires valuation techniques which are not yet standardised or for which input data cannot be directly observed in the market, leading to assumptions on the input data themselves.

The development of new, sophisticated products in the market has resulted in the development of mathematical models to price them. These models in turn depend on assumptions regarding the stochastic behaviour of underlying variables, numerical algorithms and other possible approximations needed to replicate the complexity of the financial instruments.

Furthermore, the underlying hypotheses of a model depend on the general market conditions (e.g. specific interest rates, volatilities) prevailing at the time it is developed. There is no guarantee that the model will continue to yield adequate results should market conditions change drastically.

Any related model uncertainty is quantified as accurately as possible and is the basis in adjusting the fair value calculated by the valuation techniques and internal models.

# Notes to the income statement

# 34 Interest income

The breakdown of interest income by type of product for the year ended 31 December is shown below.

| | *2006* | *2005* |
|---|---|---|
| Interest income | | |
| Interest income on cash equivalents | 677 | 507 |
| Interest income on due from banks | 4.947 | 3.351 |
| Interest income on investments | 5.536 | 4.620 |
| Interest income on due from customers | 15.578 | 11.728 |
| Interest income on derivatives held for trading | 40.563 | 42.527 |
| Other interest income | 2.896 | 1.962 |
| Total interest income | 70.197 | 64.695 |

# 35 Dividend and other investment income

This table provides a specification of dividend and other investment income for the year ended 31 December.

| | *2006* | *2005* |
|---|---|---|
| Dividend and other investment income | | |
| Dividend income from equity securities | 125 | 119 |
| Rental income from investment property | 56 | 54 |
| Other investment income | 19 | 15 |
| Total dividend and other investment income | 200 | 188 |

# 36 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:

| | *2006* | *2005* |
|---|---|---|
| Debt securities | 76 | 530 |
| Equity securities | 375 | 90 |
| Real estate | 21 | 54 |
| Subsidiaries, associates and joint ventures | 1.682 | 36 |
| Other | | 2 |
| Realised capital gains (losses) on investments | 2.154 | 712 |

# 37 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.

| | 2006 | 2005 |
|---|---|---|
| Assets/liabilities held for trading | 967 | 475 |
| Assets and liabilities held at fair value through profit or loss | 140 | 220 |
| Hedging results | 272 | 199 |
| Other | ( 40 ) | ( 89 ) |
| Other realised and unrealised gains and losses | 1.339 | 805 |

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, including any transaction costs to acquire the financial instrument. Subsequent measurement is at fair value as determined by reference to market prices and includes changes in fair value, realised and unrealised, are recorded in profit or loss.

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 the context of portfolio hedges of interest rate risk ('macro hedging'), the initial difference between the fair value and the carrying value 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.

# 38 Fee and commission income

Fee and commission income for the year ended 31 December is specified in the table below.

| | *2006* | *2005* |
|---|---|---|
| Fee and commission income | | |
| Securities | 926 | 716 |
| Insurance | 345 | 239 |
| Asset management | 1.236 | 958 |
| Payment services | 465 | 438 |
| Guarantees and commitment fees | 289 | 232 |
| Other service fees | 322 | 312 |
| Total fee and commission income | 3.583 | 2.894 |

# 39 Other income

Other income includes the following elements for the year ended 31 December.

| | 2006 | 2005 |
|---|---|---|
| Other income | | |
| Operating lease income | 9 | 3 |
| Other | 262 | 270 |
| Total other income | 270 | 273 |

# 40 Interest expenses

The following table shows the breakdown of interest expenses by product for the year ended 31 December.

| | *2006* | *2005* |
|---|---|---|
| Interest expense | | |
| Interest expenses due to banks | 7.960 | 4.808 |
| Interest expenses due to customers | 9.067 | 6.878 |
| Interest expenses on debt certificates | 3.356 | 2.468 |
| Interest expenses on subordinated liabilities | 676 | 609 |
| Interest expenses on other borrowings | 454 | 302 |
| Interest expenses on liabilities held for trading and derivatives | 41.337 | 43.282 |
| Interest expenses on other liabilities | 2.261 | 1.696 |
| Total interest expense | 65.111 | 60.043 |

# 41 Change in impairments

The changes in impairments for the year ended 31 December are as follows:

| | 2006 | 2005 |
|---|---|---|
| **Change in impairments on:** | | |
| Cash and cash equivalents | 1 | |
| Due from banks | ( 3 ) | ( 3 ) |
| Due from customers | 171 | 163 |
| Credit commitments - banks | ( 5 ) | ( 6 ) |
| Credit commitments - customers | ( 19 ) | 32 |
| Investments in debt securities | ( 5 ) | 1 |
| Investments in equity securities and other | 4 | 15 |
| Investment property | 2 | |
| Investments in associates and joint ventures | | ( 1 ) |
| Other receivables | 2 | 4 |
| Property, plant and equipment | 3 | 11 |
| Goodwill and other intangible assets | | 3 |
| Accrued interest and other assets | 7 | ( 10 ) |
| Total change in impairments | 158 | 209 |

# 42 Fee and commission expenses

The components of fee and commission expenses for the year ended 31 December are as follows:

| | *2006* | *2005* |
|---|---|---|
| Fee and commission expenses | | |
| Securities | 224 | 131 |
| Intermediaries | 163 | 152 |
| Asset management fees | 193 | 91 |
| Payment services | 151 | 133 |
| Custodian fees | 11 | 10 |
| Other fee and commission expenses | 77 | 87 |
| Total fee and commission expenses | 819 | 604 |

# 43 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:

| | *2006* | *2005* |
|---|---|---|
| Depreciation on tangible assets | | |
| Buildings held for own use | 87 | 97 |
| Leasehold improvements | 53 | 44 |
| Investment property | 15 | 15 |
| Equipment | 144 | 118 |
| Amortisation on intangible assets | | |
| Purchased software | 23 | 17 |
| Internally developed software | | |
| Other intangible assts | 28 | 17 |
| Depreciation and amortisation of tangible and intangible assets | 350 | 308 |

# 44 Staff expenses

Staff expenses for the year ended 31 December are as follows:

| | *2006* | *2005* |
|---|---|---|
| Staff expenses | | |
| Salaries and wages | 2.788 | 2.354 |
| Social security charges | 522 | 482 |
| Pension expenses relating to defined benefit plans | 146 | 172 |
| Defined contribution plan expenses | 97 | 62 |
| Share based compensation | 13 | 7 |
| Other | 59 | 293 |
| Total staff expenses | 3.625 | 3.370 |

Other includes the costs for non-monetary benefits such as medical costs, termination benefits and restructuring costs.

Note 8 contains further details on post-employment benefits and other long-term employee benefits, including pension costs related to defined benefit plans and defined contribution plans.

# 45 Other expenses

Other expenses for the year ended 31 December are as follows:

| | 2006 | 2005 |
|---|---|---|
| Other expenses | | |
| Operating lease rental expenses and related expenses | 204 | 145 |
| Rental and other direct expenses relating to investment property | 2 | 3 |
| Professional fees | 302 | 248 |
| Marketing and public relations | 190 | 182 |
| Information technology costs | 534 | 387 |
| Other investment charges | 3 | 4 |
| Maintenance and repair expenses | 152 | 119 |
| Other | 954 | 836 |
| Total other expenses | 2.341 | 1.924 |

The line Other includes expenses for travel, post, telephone, temporary staff and training.

# 46 Income tax expenses

The detail of the current and deferred income tax expenses for the year ended 31 December is as follows:

| | *2006* | *2005* |
|---|---|---|
| Current tax expenses for the current period | 504 | 685 |
| Adjustments recognised in the period for | | |
| current tax of prior periods | 22 | 34 |
| Previously unrecognised tax losses, tax credits and | | |
| temporary differences reducing current tax expenses | ( 6 ) | ( 9 ) |
| Total current tax expenses | 520 | 710 |
| | | |
| Deferred taxes arising from the current period | 109 | ( 12 ) |
| Impact of changes in tax rates on deferred taxes | 34 | 6 |
| Deferred taxes arising from the write-down or reversal | | |
| of a write-down of a deferred tax asset | 24 | 32 |
| Previously unrecognised tax losses, tax credits and | | |
| temporary differences reducing deferred tax expense | 3 | ( 3 ) |
| Total deferred tax expenses | 170 | 23 |
| | | |
| Total income tax expenses | 690 | 733 |

Profit before taxation includes income items on which no income tax is payable as well as expenses which are not tax deductible.

Below is a reconciliation of the expected to the actual income tax expense.

| | 2006 | 2005 |
|---|---|---|
| Profit before taxation | 5.431 | 3.184 |
| Applicable tax rate | 33,99% | 33,99% |
| Expected income tax expense | 1.846 | 1.082 |
| *Increase (decrease) in taxes resulting from:* | | |
| Tax exempt interests | ( 180 ) | ( 140 ) |
| Tax exempt dividends | ( 37 ) | ( 41 ) |
| Tax exempt capital gains | ( 910 ) | ( 182 ) |
| Tax exempt impairments | ( 1 ) | ( 4 ) |
| Share in result of associates and joint ventures | ( 16 ) | ( 11 ) |
| Other tax exempt income | ( 23 ) | ( 9 ) |
| Disallowed capital losses | 117 | 32 |
| Change in impairments of goodwill | ( 1 ) | ( 3 ) |
| Disallowed operating and administrative expenses | 30 | 26 |
| Negative goodwill | | ( 9 ) |
| Previously unrecognised tax losses and temporary Differences | ( 19 ) | ( 27 ) |
| Write-down and reversal of write-down of deferred tax assets | 47 | 68 |
| Effect of changes in tax rates on temporary differences | 34 | ( 3 ) |
| Foreign tax rate differential | ( 128 ) | ( 67 ) |
| Non-deductible withholding tax | 11 | 4 |
| Adjustments for current tax of prior years | 22 | 8 |
| Deferred tax on investments in subsidiaries, associates and joint ventures | ( 15 ) | 11 |
| Other | ( 87 ) | ( 2 ) |
| Actual income tax expenses | 690 | 733 |

# Notes to off-balance sheet items

# 47 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, if necessary 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 obtained is based on credit evaluation of the counterparty. Collateral could consist of the goods financed as well as of cash deposits. Most documentary credits are taken out, though in many cases this is followed by immediate payment.

Suretyships and financial guarantees are used to guarantee 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 following is a summary of the notional amounts (principal sums) of Fortis Bank's commitments and guarantees with off-balance credit risk at 31 December.

| | *2006* | *2005* |
|---|---|---|
| Available confirmed credit lines | 131.210 | 96.698 |
| Guarantees and letters of credit | 24.437 | 15.151 |
| Banker's acceptances | 403 | 581 |
| Documentary credits | 9.154 | 7.049 |
| Total | 165.204 | 119.479 |

Of these commitments around EUR 28,762 million have a maturity of more than one year (2005: EUR 17,618 million).

Liquidity requirements to support calls under guarantees and credit commitments are considerably less 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 of 31 December.

| | *2006* | *2005* |
|---|---|---|
| Specific credit risk | 149 | 142 |
| Incurred but not reported (IBNR) | 80 | 88 |
| **Total** | **229** | **230** |

# 48 Contingent liabilities

Like any other financial institution, Fortis Bank is involved as a defendant in various claims, disputes and legal proceedings arising in the ordinary course of the banking businesses.

Fortis Bank makes provisions for such matters when, in the opinion of management, who consult with legal advisors, it is probable that a payment will have to be made by Fortis Bank, and when the amount can be reasonably estimated (see note 28 Provisions).

In respect of further claims and legal proceedings against Fortis Bank of which management is aware (and which, according to the principles outlined above, have not been provided for), it is the opinion of management, after due consideration of appropriate professional advice, that such claims 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 financial statements.

Fortis Bank is involved in a number of legal proceedings in the Netherlands concerning *Groeivermogen* products (equity lease products). Some operating companies of Fortis Bank were recently confronted with complaints and lawsuits related to the manufacturing or distribution of *Groeivermogen* products.

These companies are faced with claims which are based on one or more of the following allegations:
- violation of ‘duty to care’;
- absence of a second signature as required for ‘hire purchase agreements’;
- absence of a licence to sell the products concerned, required by the law on consumer credit.

The claims have been made either individually or through a collective action.

The present assessment of the legal risk involved in this matter does not merit the creation of material provisions.

# 49 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 at 31 December.

| | *2006* | *2005* |
|---|---|---|
| Not later than 3 months | 2 | 2 |
| Later than 3 months and not later than 1 year | 7 | 14 |
| Later than 1 year and not later than 5 years | 60 | 31 |
| Later than 5 years | 33 | 41 |
| Total | 102 | 88 |
| | | |
| Annual rental expense: | | |
| Lease payments | 69 | 14 |
| Sublease payments | | |
| Total | **69** | 14 |

# 50 Assets under management

Assets under management include investments for own account and funds under management. Funds under management include the investment funds managed by Fortis Bank and property of clients on which Fortis Bank earns management or advisory fees. Assets which are kept in custody but in which Fortis Bank has no further involvement, are excluded.

Eliminations in the various tables related to investments by Fortis Bank companies in assets managed by other Fortis Bank companies and avoid double counting of these funds.

The following table provides a breakdown of Assets under management by investment type and origin.

| | *2006* | *2005* |
|---|---|---|
| Investments for own account: | | |
| - Debt securities | 131.427 | 129.719 |
| - Equity securities | 4.150 | 3.393 |
| - Real estate | 600 | 402 |
| - Other | 1.633 | 1.830 |
| Total investments for own account | 137.810 | 135.344 |
| | | |
| Funds under Management: | | |
| - Debt securities | 114.386 | 101.727 |
| - Equity securities | 92.705 | 79.812 |
| - Real estate | 773 | 1.045 |
| - Eliminations | ( 26.242 ) | ( 25.661 ) |
| Total funds under management | 181.622 | 156.923 |
| | | |
| Total assets under management | 319.432 | 292.267 |

Changes in funds under management by segment are shown below.

| | *Retail banking* | *Merchant banking* | *Commercial & Private banking* | *Other* | *Eliminations* | *Total* |
|---|---|---|---|---|---|---|
| Closing balance at 31 December 2004 | 89.569 | 248 | 53.647 | 2.652 | ( 16.406 ) | 129.710 |
| In/out flow | 12.532 | ( 2 ) | 3.319 | 2.087 | ( 853 ) | 17.083 |
| Market gains /losses | 8.489 | ( 29 ) | 5.307 | 45 | ( 2.282 ) | 11.530 |
| Other | | | 7.554 | ( 2.834 ) | ( 6.120 ) | ( 1.400 ) |
| Balance at 31 December 2005 | 110.590 | 217 | 69.827 | 1.950 | ( 25.661 ) | 156.923 |
| In/out flow | 10.920 | ( 34 ) | 6.871 | ( 1.342 ) | ( 661 ) | 15.754 |
| Market gains /losses | 3.867 | 77 | 3.890 | | 84 | 7.918 |
| Other | 2.729 | ( 1 ) | ( 1.601 ) | ( 96 ) | ( 4 ) | 1.027 |
| Balance at 31 December 2006 | 128.106 | 259 | 78.987 | 512 | ( 26.242 ) | 181.622 |

The column Other includes funds managed by operating companies reported in the Other banking segment. The line Other includes the transfers between segments, the impact of acquisitions and divestments and the currency translation differences. Transfers between segments consist mainly of a transfer of funds of Belgolaise from Commercial & Private banking to Other banking and a transfer of funds of Fortis Hypotheek Bank from Other banking to Retail Banking.

# Other information related to consolidated figures

# Post-balance sheet events

There have been no material events after the balance sheet date that would require adjustment to the financial statements at 31 December 2006.

# Consolidation scope

## 1. 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 IAS27 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 equity method.
Investments in Associates – investments in which Fortis Bank has significant influence, but which it does not control, generally holding between 20 % an d 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.

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:
*Abic Holding B.V., Arnoldsford Ltd, ASLK-CGER Services ESV, Bellingham Enterprises Ltd, BPC developpement, Capella Trading Ltd, Carbone S.A.R.L., Ceedsa S.L., Chandlersford Resources Ltd, Comptoir Agricole de Wallonie, Coppefis, CP (New Zealand) Trustees Limited, Decom Services Ltd, Discontokantoor van Turnhout, Dis Globus Malta Ltd, Dis Invest Management Ltd, Emerald Shipping B.V., Eurl Gourville Immobilier, Exviesa, Fagus, FB Sector Finance LP, Fortis Bank Escritorio de Representacao Ltda, Fortis Foreign Fund Services AG, Fortis L Capital, Fortis Liquidity High Grade USD, Fortis Private Equity Arkimedes N.V., Fortis Services Monétiques, Fountainfield Services Ltd, FP Consult (Guernsey), Garrabost Properties Ltd, Generale Branch Nominees LTD, Geneve Credit & Leasing SA, GeschäftsführungsGmbH der Generale Bank, Gilaspi Investments S.A., Global Finance & Leasing SA, Global Management Services, Grupo de Bodegas Vinartis S.A., Gúzman, Hedonaï Estetica Integral S.L., Hemswell Consultants Ltd, Holding Vreedenlust Fund II, Imag SPV B.V., Innovatieve Medical Solutions B.V., Irongate Holding & Investments Ltd, Izar Enterprises Ltd, Knottend Trading Ltd, Lakeston Ltd, Landbouwkantoor Vlaanderen, Lizaran, Ludgewall Trading Ltd, Mine.be, Nashira Services Ltd, Novy N.V., N336UA Trust, OB Invest, Orion Assets Limited, Orsettridge Resources Ltd, Packing Invest, Par 3, Parisienne d'Acquisition Fonçière, Proysabe S.L., Rothesay, SCI Norlum, Sparrowbrook Services Ltd, Sybetra sa, Velleman International, Von Essen GmbH, Von Essen KG –Handelsgesellschaft-, Wa Pei Nominees Ltd;*

3. The following subsidiaries were accounted for under the equity method because of their minor importance to the consolidated financial statements: Alluvium AG, BG-Ré S.A., Credissimo, Credit pour Habitations Sociales, Demetris, Fortis Private Investments Polska, Holding Vreedenlust Fund III, Hotel Cruiseship Operations 2 BV, Infiniti Trust (Hong Kong) Ltd, La Maison Sociale Tournai Ath, Mijn Huis Edouard Pecher, NeSBIC Holdings I BV, NIB Capital Foreign Debt Fund V, Severin & Bruckner & Co AG, Titrisation Belge SA, Triodos MeesPierson Sustainable Investment Management BV;

4. The following jointventures & associates were not accounted for under the equity method because of their insignificance (Art. 157 of the Royal Decree of January 30, 2001):
*Algonomics, Altsys, Antwerps Innovatie Centrum, Baekeland Fonds, Bedrijvencentrum Zaventem, Bexco, Bee-Invest B.V., Brussels I3 Fund, CDM, Cetrel Lux sc, Conticlima, Coolstar, Corn. Van Loocke, Cottonhouse Holding B.V., Demeter SAS, Diana Cap Inversion S.A., Dibag-Diproteg, Erdingside Services Ltd, Etna, Europay Lux sc, Flanders Engineering, Gemma Frisius-Fonds K.U. Leuven NV, Gemma Frisius-Fonds K.U. Leuven II, Gudrun Xpert, Hemag (Atlantic), Immo Royal Conseil, Immo Regenboog, Kaasbrik Holding, Maredo, Meta International, NeSBIC Graphic Industrie Holding, NeSBIC Investment Fund II B.V., NeSBIC Investment Fund II Partners B.V., Nova Electro International, Retail Partners, Rijnlandse Plastic Groep B.V., Sandd Beheeer B.V., Société Financière des sociétés de developpement regional, Sophis System, Studio 100, Union Capital BV, Visalux, Xenics;*

5. Due to constraints on timely reporting – IASB Framework-43 and Art 107,3° – Belgolaise's African participating interests, in the subsidiaries A.M.B. – West Africa, Banque Internationale pour l'Afrique au Togo, Eurafrican Bank Tanzania were not consolidated and the participations in Banque Commerciale du Congo, Banque de credit de Bujumbura, Banque de Kigali, Banque Internationale Afrique au Niger, Banque Internationale pour Centrafrique and Middle East Bank Kenya were not accounted for under the equity method because of the risk of an unacceptable delay in reporting and because of their minor importance to the consolidated financial statements.

   In global the not fully or not consolidation of 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

| |
|---|
| (1) consolidated by Fortis Banque Luxembourg |
| (2) consolidated by Fortis Investments Management |
| Capital letters: consolidated by Fortis Bank (Belgium) |
| Small letters: consolidated by Fortis Bank Nederland |

| Name | Head-office | VAT/NN | Holding (%) |
|---|---|---|---|
| 3D GÜVENLIK SISTEMLERI VE ORG. TIC. A.S. | GAYRETTEPE | | 92,32 |
| 4Faktor SP.z.o.o. | Warszawa | | 100,00 |
| A.B.M.I. Holdings Ltd | George Town | | 100,00 |
| A.S.L.K. - C.G.E.R. FINANCE N.V. | AMSTERDAM | | 100,00 |
| ACE EQUIPMENT LEASING (1) | Sint-Agatha-Berchem | BE 440.910.431 | 99,92 |
| ACE LEASING (1) | BRUSSEL | BE 435.610.370 | 99,92 |
| ACE LEASING B.V. (1) | s-Hertogenbosch | | 99,92 |
| Administratie- en Trustkantoor 's-Gravenhage BV | Den Haag | | 99,98 |
| AGRILEASE B.V. (1) | 's-Hertogenbosch | | 99,92 |
| Airmavest N.V. | Amsterdam | | 99,98 |
| Albany Associates Ltd | Hong Kong | | 100,00 |
| Alexandra Nominees Holdings Ltd | Hong Kong | | 100,00 |
| Alfam Holding B.V. | Bunnik | | 100,00 |
| Alfam Nederland B.V. | Bunnik | | 100,00 |
| Alkmaar Hypotheken B.V. | Amsterdam | | 100,00 |
| Alpenside Ltd | Dublin | | 99,98 |
| Alpha Bobby B.V. | Amsterdam | | 99,98 |
| Alpha Credit Nederland B.V. | Bunnik | | 100,00 |
| ALPHA CREDIT S.A./N.V. | BRUXELLES | BE 445.781.316 | 100,00 |
| Amance Holding N.V. | Amsterdam | | 99,98 |
| Amande Holding B.V. | Amsterdam | | 99,98 |
| Amsterdam Brewery Investments B.V. | Amsterdam | | 99,98 |
| Anderson Allingham Roll & Ross | Bermuda | | 100,00 |
| Angelique Corporation NV | Willemstad Curacao | | 99,98 |
| Anglohaven Securities Ltd | Dublin | | 99,98 |
| Annan Ltd | London | | 99,98 |
| Anneke Geertuida B.V. | Amsterdam | | 99,98 |
| Anrodata NV | Willemstad Curacao | | 99,98 |
| ARCAS, WESSELS ROLL & ROLLS B.V.(2) | AMSTERDAM | | 89,98 |
| Ardgowan Holdings Ltd | Hong Kong | | 100,00 |
| AREMAS S.A./N.V. | BRUXELLES | BE 466.301.368 | 100,00 |
| Argenta Ltd | St Peter Port | | 99,92 |
| Armadu Holding B.V. | Amsterdam | | 100,00 |
| Armane Investments S.A.R.L. | Luxembourg | | 99,96 |
| Arvem S.A. | Amsterdam | | 99,98 |
| Ashdown Sec. Ltd | London | | 99,98 |
| Ashgrove Secretaries Ltd | London | | 99,98 |
| Ashlea Ltd | Hong Kong | | 99,98 |
| Asian Pacific Growth Fund Investment NV | Willemstad - Curacoa | | 90,62 |
| ASR Re N.V. | Curacao | | 99,98 |
| Astir | Amsterdam | | 100,00 |
| Astir-I Capital BV | Amsterdam | | 100,00 |
| Astoria Ltd | Wanchai | | 99,98 |
| ASTRO MANAGEMENT S.A. | Brussel | BE 430.189.456 | 100,00 |
| Athos Group Ltd | Tortola Br.Virgin Isl. | | 99,92 |
| Atila Corporation NV | Willemstad Curacao | | 99,98 |
| Atir Immobilien & Finanz AG | Steinhausen | | 99,98 |
| Auder S.A. | Amsterdam | | 99,98 |

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| Small letters: consolidated by Fortis Bank Nederland |

| Name | Head-office | VAT/NN | Holding (%) |
|---|---|---|---|
| Aurian Management II BVBA | Brussel | BE 870.221.246 | 100,00 |
| Aurian Management III Sprl | Brussel | BE 870.222.236 | 100,00 |
| AVISA (1) | ZUG | | 99,96 |
| B.V. Administratie- en Trustkantoor "Securitas" | Amsterdam | | 100,00 |
| B.V. Administratiekantoor Drasco | Amsterdam | | 99,98 |
| B.V. Algemene Handelsmaatschappij Almij | Amsterdam | | 100,00 |
| B.V. Centraal Incasso Bureau C.I.B. | Bunnik | | 100,00 |
| B.V. Financieringsmaatschappij N.O.B. | Amsterdam | | 100,00 |
| B.V. Holding maatschappij 'De Hondsrug' | Amsterdam | | 99,98 |
| B.V. Holland Administration Center (H.A.C.) | Amsterdam | | 99,98 |
| B.V. Maatschappij voor Executele en Trustzaken | Amsterdam | | 99,98 |
| B.V. Mij tot aankoop, verkoop & verhuur van Huizen | Rotterdam | | 100,00 |
| B.V. Participatiemaatschappij PHP | Amsterdam | | 100,00 |
| B.V. Petroleum Maatschappij "Moeara Enim" | Amsterdam | | 70,00 |
| Bachem NV | Willemstad Curacao | | 99,98 |
| Bajan Limited | Guernsey | | 96,98 |
| BANQUE BELGOLAISE | Brussel | BE 403.200.294 | 100,00 |
| Barela NV | Willemstad Curacao | | 99,98 |
| Barletta Inc | Tortola Br.Virgin Isl. | | 99,98 |
| Becom Management BV | Amsterdam | | 99,98 |
| Bedford LLC | Albany | | 99,98 |
| Beechcroft Ltd | Tortola Br.Virgin Isl. | | 99,98 |
| Beekman Trading B.V. | Amsterdam | | 100,00 |
| Bego vastgoed II B.V. | Amsterdam | | 99,98 |
| Beheer- en Beleggingsmaatschappij Gibeko BV | Amsterdam | | 99,98 |
| Beheer- en Beleggingsmaatschappij Vilose B.V. | Amsterdam | | 99,98 |
| Beheermaatschappij Vadop B.V. | Amsterdam | | 99,98 |
| Beleggingsmaatschappij FBIB Capital Structures BV | Amsterdam | | 99,96 |
| Beleggingsmaatschappij "Sanamij" BV | Amsterdam | | 100,00 |
| Beleggingsmaatschappij Beurshave N.V. | Amsterdam | | 99,96 |
| Beleggingsmaatschappij Giever BV | Brussel | BE 458.403.390 | 99,98 |
| Beleggingsmaatschappij Luijp B.V. | Utrecht | | 100,00 |
| Beleggingsmaatschappij Quirina NV | Willemstad Curacao | | 99,98 |
| Beluga Asset Purchasing Praktijkfinancieringen BV | Amsterdam | | 100,00 |
| Beluga Master Issuer | Amsterdam | | 100,00 |
| Bentinck Management Limited | London | | 99,98 |
| Bentinck Management Services Ltd (BVI) | Tortola Br.Virgin Isl. | | 99,98 |
| Bentinck Secretaries Limited (London) | London | | 99,98 |
| Bentinck Secretaries Ltd | Douglas | | 99,98 |
| Beratungsservices fur Finanzielel Risikostrategien MRA AG | Zug | | 99,68 |
| Berdim Tradding Gestao e Investimentos S.A. | Funchal | | 99,98 |
| Bermobag AG | Zug | | 99,98 |
| Best Universal Ventures Corp. | Tortola | | 99,68 |
| BETA EUROPA MANAGEMENT S.A. | LUXEMBOURG | | 100,00 |
| BETA INTERNATIONAL MANAGEMENT | LUXEMBOURG | | 100,00 |
| BGL FINANCE HOLDING S.A.(1) | LUXEMBOURG | | 99,92 |
| BGL Reads Trust Company Limited | Guernsey | | 99,98 |
| BGL Trustees Ltd | Guernsey | | 99,98 |
| Biancaneve (Netherlands) B.V. | Amsterdam | | 100,00 |

**V.A.T. BE 403.199.702**

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(2) consolidated by Fortis Investments Management
Capital letters: consolidated by Fortis Bank (Belgium)
Small letters: consolidated by Fortis Bank Nederland

| Name | Head-office | VAT/NN | Holding (%) |
|---|---|---|---|
| Bluebird LLC | New York | | 99,98 |
| Bluebrook Inc | Tortola Br.Virgin Isl. | | 99,98 |
| Bluewall Ltd | London | | 99,98 |
| BOAZ Management Company (Luxembourg) S.A. | LUXEMBOURG | | 100,00 |
| Boca S.A.R.L. | Luxembourg | | 99,96 |
| Bodorobe NV | Willemstad Curacao | | 99,98 |
| Bondix Finance BV | Amsterdam | | 99,98 |
| Bookham Incorporated | San Jose | | 100,00 |
| Bordage Properties Ltd | St Peter Port Guernsey | | 99,92 |
| Box Consultants B.V. | Eindhoven | | 68,25 |
| Braddan Ltd | Douglas | | 99,98 |
| Brassington Corporation NV | Willemstad Curacao | | 99,98 |
| Bretergen B.V. | Amsterdam | | 99,98 |
| Broadway Investments Ltd | Nassau | | 99,98 |
| Bruncaster Ltd | Douglas | | 99,98 |
| Burtons Management Ltd | Douglas | | 99,98 |
| C.M.S. Limited | Guernsey | | 99,98 |
| CA MOTOR FINANCE LTD (1) | LONDON | | 99,92 |
| CADOGAN MANAGEMENT(2) | New York | | 69,99 |
| Calanda Holding AG | Glarus | | 99,98 |
| CALEDONIAN MOTOR FINANCE LTD (1) | GLASGOW | | 99,92 |
| CAMOMILE ALZETTE INVESTMENTS (UK) LTD | GEORGE TOWN | | 100,00 |
| Camomile Court BV | Rotterdam | | 100,00 |
| CAMOMILE INVESTMENTS UK LTD | LONDON | | 100,00 |
| CAMOMILE LIFFEY INVESTMENTS (UK) LTD | GEORGE TOWN | | 100,00 |
| CAMOMILE ULSTER INVESTMENTS (UK) LTD | GEORGE TOWN | | 100,00 |
| Cantrust (Far East) Ltd | Tortola | | 99,98 |
| Carbeneth Financial Management Group NV | Willemstad Curacao | | 99,98 |
| Carbeneth Holding NV | Willemstad Curacao | | 99,98 |
| Caribbean Depositary Company NV | Willemstad Curacao | | 99,98 |
| Caribbean Management Company NV | Willemstad Curacao | | 99,98 |
| Caribbean Participation Company NV | Willemstad Curacao | | 99,98 |
| Caricom (BVI) Limited | Anguilla | | 99,98 |
| Caritrust Management Corporation N.V. | Willemstad Curacao | | 99,98 |
| Carneth Administratie Company NV | Willemstad Curacao | | 100,00 |
| Catamino Investments S.A.R.L. | Luxembourg | | 99,96 |
| Catanzaro Holding BV | Amsterdam | | 99,98 |
| Caversham LLC | Albany - New York | | 99,98 |
| Cavetto Corporation NV | Willemstad Curacao | | 99,98 |
| Cecilia Corporation N.V. | Willemstad Curacao | | 100,00 |
| Cecilla Beleggingsmaatschappij NV | Willemstad Curacao | | 99,98 |
| Cenerantola Finance B.V. | Amsterdam | | 100,00 |
| Centrapriv Zug AG | Zug | | 99,98 |
| Centrapriv Zurich AG | Zurich | | 99,98 |
| CEPE Holding AG | Luxembourg | | 99,98 |
| CERTIFIMMO V | Brussel | BE 450.355.261 | 100,00 |
| Chamilla Ltd | London | | 99,98 |
| Chamsin Investments Sàrl | Luxembourg | | 99,96 |
| Channel Corporate Services | Saint Peter Port | | 99,98 |

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## List of fully consolidated affiliated companies

(1) consolidated by Fortis Banque Luxembourg
(2) consolidated by Fortis Investments Management
Capital letters: consolidated by Fortis Bank (Belgium)
Small letters: consolidated by Fortis Bank Nederland

| Name | Head-office | VAT/NN | Holding (%) |
|---|---|---|---|
| Chart Trust Company Limited | Guernsey | | 99,98 |
| Chartertering International (IOM) Ltd | Isle of Man | | 99,98 |
| Chatham Ltd | Monrovia | | 99,98 |
| Chrisanda (Nominees) Limited | Wanchai | | 99,98 |
| Christenburg Management S.A. | Vaduz | | 99,98 |
| Churfirsten AG | Fribourg | | 99,98 |
| Ciotat S.A.R.L. | Luxembourg | | 99,96 |
| Claudine Philippine B.V. | Amsterdam | | 99,98 |
| Clearway Finance BV | Amsterdam | | 99,98 |
| Codos Investments S.A.R.L. | Luxembourg | | 99,96 |
| COFHYLUX S.A. (1) | LUXEMBOURG | | 99,92 |
| Cohil Holdings SPRL | BRUSSEL | BE 870.221.840 | 100,00 |
| Collec Nominees Ltd | Hong Kong | | 49,99 |
| Comanche Ltd | Nassau | | 99,98 |
| Comcolux | LUXEMBOURG | | 99,96 |
| Commerce House Trustees Limited | Guernsey | | 99,98 |
| Connaugt Services Ltd | Douglas | | 99,98 |
| Continuing Care Retirement Community | Brussel | BE 875.844.672 | 99,00 |
| Coronet Development Ltd | London | | 99,98 |
| Corporate Directors | Wanchai | | 99,98 |
| Corporate Insolvency Services Limited | Anguilla | | 99,98 |
| Cosign Nominees Limited | Guernsey | | 99,98 |
| Couelle Investments S.A. | Luxembourg | | 99,96 |
| COURTAGE HAUSSONVILLE (1) | NANCY | | 99,92 |
| CP JER Holding B.V. | Amsterdam | | 99,98 |
| Creigthon Services Ltd | Tortola | | 99,92 |
| Crew Co. Ltd | Douglas | | 99,98 |
| CTB LEASING GmbH | ESSEN | | 100,00 |
| Culmead Ltd | Tortola | | 99,98 |
| Culture Club NV | Willemstad Curacao | | 99,98 |
| Cumanco B.V. | Amsterdam | | 99,98 |
| DALGARNO (1) | LUXEMBOURG | | 99,92 |
| Danza Corporation NV | Willemstad Curacao | | 99,98 |
| Defam Credit B.V. | Bunnik | | 100,00 |
| Defam Financieringen B.V. | Bunnik | | 100,00 |
| Defam Flex B.V. | Bunnik | | 100,00 |
| Defam Plus | Amsterdam | | 100,00 |
| DEFAM Select B.V. | Bunnik | | 100,00 |
| Defam Totaal B.V. | Bunnik | | 100,00 |
| Deleda Corp S.A. | | | 99,98 |
| Deleda Investments Inc | The Valley | | 99,98 |
| Delphinus | Utrecht | | 100,00 |
| DELVINO (1) | LUXEMBOURG | | 99,92 |
| DIKODI B.V. | AMSTERDAM | | 100,00 |
| Dina (Nominees) Ltd | Hong Kong | | 99,98 |
| Direktbank N.V. | Amstelveen | | 100,00 |
| DisAcor B.V. | Amsterdam | | 100,00 |
| Dolphin Beheer BV | Amsterdam | | 99,98 |
| Dreamsville Corporation NV | Willemstad Curacao | | 99,98 |

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| Name | Head-office | VAT/NN | Holding (%) |
|---|---|---|---|
| DREIECK EQUIPMENT LEASING (1) | ZÜRICH | | 42,96 |
| DREIECK ONE LIMITED (1) | GEORGE TOWN | | 99,92 |
| Dronco (UK) Ltd | Ruislip | | 99,98 |
| DRYDEN WEALTH MANAGEMENT (TAIWAN) CO. LTD | TAIPEI | | 100,00 |
| Dutch-MBS | Utrecht | | 75,00 |
| Easterham Holding B.V. | Amsterdam | | 99,98 |
| Eastpine Trading Ltd | Dublin | | 99,98 |
| Ecoreal S.A. | Luxembourg | | 99,94 |
| Edsaco Participation Limited | St Helier | | 99,98 |
| Effectivsec Management Ltd | Hong Kong | | 99,98 |
| Eight Vessels Company Lts | Nassau - Bahamas | | 100,00 |
| ELFA-AUTO (1) | LUXEMBOURG | | 99,92 |
| Ellco B.V. | Amsterdam | | 99,98 |
| Elmford LLC | Albany - New York | | 99,98 |
| Elwood Holdings Ltd | Douglas | | 100,00 |
| Emerald Services Limited | Anguilla | | 99,98 |
| Emilia Shipping Ltd | St John's | | 100,00 |
| Erbutim Verwaltungs AG | Zurich | | 99,98 |
| ES-FINANCE (1) | Sint-Agatha-Berchem | BE 430.506.289 | 99,92 |
| Esmerald Partners I S.A. | Luxembourg | | 99,98 |
| Esprit Nominees Ltd. | London | | 100,00 |
| Esvebe Holding B.V. | Amsterdam | | 99,98 |
| Eumetra AG | Zurich | | 99,98 |
| Euro-Fashion-Center | Bruxelles | BE 884.178.556 | 99,96 |
| Euro-Fashion-Center SCA | Bruxelles | BE 884.303.765 | 99,96 |
| Excellerator B.V. | Amsterdam | | 100,00 |
| Excellerator Belgium | Bruxelles | BE 881.745.143 | 100,00 |
| F.A.M. FUND ADVISORY (1) | LUXEMBOURG | | 99,92 |
| F.A.M. PERSONAL FUND ADVISORY (1) | LUXEMBOURG | | 99,92 |
| F.I. Mortgage Securities B.V. (via Stichting Trustee FIMS) | Amsterdam | | 100,00 |
| F.L. Zeebrugge (1) | ZEEBRUGGE | BE 865.778.250 | 99,92 |
| Faella Investments S.A. | Luxembourg | | 99,96 |
| FAL Nazareth | Brussel | BE 879.345.977 | 99,96 |
| FAL Zevenbronnen | Brussel | BE 879.347.758 | 99,96 |
| Favorita Corporation NV | Willemstad Curacao | | 99,98 |
| FB Acquisition Finance Holding B.V | Amsterdam | | 100,00 |
| FB Asset Based Finance BV | Amsterdam | | 100,00 |
| FB Aviation & Intermodal Finance Holding BV | Amsterdam | | 100,00 |
| FB Corporate Holding BV | Amsterdam | | 100,00 |
| FB Corporate Participaties B.V. | Amsterdam | | 100,00 |
| FB ENERGY CANADA CORP. | CALGARY | | 100,00 |
| FB Energy Holding B.V. | Amsterdam | | 100,00 |
| FB ENERGY HOLDING LLC | Wilmington | | 100,00 |
| FB FINANCE LP | NEW YORK | | 100,00 |
| FB FUNDING COMPANY | CALGARY | | 100,00 |
| FB Global Market Holding B.V. | Amsterdam | | 100,00 |
| FB HOLDINGS CANADA CORP. | CALGARY | | 100,00 |
| FB NORTH AMERICA ULC | NEW YORK | | 100,00 |
| FB TRANSPORTATION CAPITAL LLC | Wilmington | | 100,00 |

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| Name | Head-office | VAT/NN | Holding (%) |
|---|---|---|---|
| FBGC Participations Limited | London | | 100,00 |
| FBN Holding International AG | Zug | | 100,00 |
| FCF Deelnemingen B.V. | 's-Hertogenbosch | | 100,00 |
| FCM PRIVATE EQUITY | MADRID | | 99,97 |
| FIM NL HOLDING N.V. (2) | Amsterdam Zuid-Oost | | 99,98 |
| FIMAGEN HOLDING | Parijs | | 100,00 |
| FIMAPIERRE (2) | Parijs | | 99,98 |
| Financial Participations TCF BV | Rotterdam | | 100,00 |
| Finnigen Ltd | London | | 99,98 |
| FINOB Asset Based Finance B.V. | Amsterdam | | 100,00 |
| Finodis N.V. | s-Hertogenbosch | | 95,00 |
| Fionahill Management Inc. | Vaduz | | 99,98 |
| FLEXIFUND ASSOCIATES | Luxembourg | | 99,98 |
| Florijn BV | Amsterdam | | 99,98 |
| Flute Corporation NV | Willemstad Curacao | | 99,98 |
| FMM Investments N.V. | Curaçao | | 99,98 |
| FOLEA GRUNDSTUCKSVERWALTUNGS UND VERMIETUNGS GMBH & CO | BERLIN | | 6,00 |
| FOLEA VERWALTUNGS GMBH (1) | BERLIN | | 99,92 |
| FONDO NAZCA FCR | MADRID | | 100,00 |
| Fortis (GSLA) Holding BV | Amsterdam | | 100,00 |
| Fortis (Hong Kong) LTD | Hong Kong | | 100,00 |
| Fortis (IOM) Nominees Ltd | Dublin | | 100,00 |
| Fortis (Nominees) Pte Limited | Singapore | | 100,00 |
| FORTIS (USA) FINANCIAL MARKETS LLC | NEW YORK, NY | | 100,00 |
| Fortis Arbitrage Europe Fondsmaeglerselskab A.S. | Copenhagen | | 100,00 |
| Fortis Arbitrage Europe Holding A.S. | Copenhagen | | 100,00 |
| Fortis ASR Bank N.V. | Utrecht | | 100,00 |
| Fortis ASR Hypotheekbedrijf N.V. | Utrecht | | 100,00 |
| Fortis ASR Praktijkvoorziening N.V. | Utrecht | | 100,00 |
| Fortis Asset Management (Guernsey) Ltd | Guernsey | | 99,97 |
| Fortis Bank (C.I.) Limited | St Peter Port | | 99,92 |
| Fortis Bank (Cayman) Ltd | George Town | | 100,00 |
| Fortis Bank (Curaçao) N.V. | Willemstad Curacao | | 99,98 |
| Fortis Bank (Nederland) N.V. | Rotterdam | | 100,00 |
| Fortis Bank (Nederlandse Antillen) NV | Willemstad Curacao | | 99,98 |
| FORTIS BANK A.S. | Gayrettepe | | 93,26 |
| Fortis Bank Global Clearing N.V. | Amsterdam | | 100,00 |
| FORTIS BANK MALTA LTD | GZIRA | | 93,26 |
| Fortis Bank Nederland (Holding) N.V. | Utrecht | | 100,00 |
| Fortis Bank Nominees (UK) Ltd | London | | 100,00 |
| FORTIS BANK POLSKA | WARSZAWA | | 99,19 |
| FORTIS BANQUE | Brussel | BE 403.199.702 | 100,00 |
| FORTIS BANQUE (SUISSE) (1) | Genève 4 | | 99,91 |
| FORTIS BANQUE FRANCE | PUTEAUX | | 99,98 |
| FORTIS BANQUE LUXEMBOURG S.A. | LUXEMBOURG | | 99,92 |
| FORTIS CAPITAL (CANADA) LTD | WHITE HORSE | | 100,00 |
| Fortis Capital Company Ltd | St. Helier | | 100,00 |
| FORTIS CAPITAL CORPORATION INC. | STAMFORD | | 100,00 |
| Fortis Chameleon B.V. | Amsterdam | | 100,00 |

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|---|---|---|---|
| Fortis Clearing (Futures) Hong Kong Ltd | Hong Kong | | 100,00 |
| Fortis Clearing (Options) Hong Kong Ltd | Hong Kong | | 100,00 |
| FORTIS CLEARING AMERICAS LLC | CHICAGO | | 99,98 |
| Fortis Clearing Singapore Pte Ltd | Singapore | | 100,00 |
| Fortis Clearing Sydney Nominees Pty Ltd | Sydney | | 100,00 |
| Fortis Clearing Sydney Pte Ltd. | Sydney | | 100,00 |
| Fortis Commercial Finance N.V./S.A. | Turnhout | BE 414.392.710 | 100,00 |
| Fortis Commercial Finance A/S | Copenhagen | | 100,00 |
| Fortis Commercial Finance AB | Stockholm | | 100,00 |
| Fortis Commercial Finance Deutschland GmbH | Dusseldorf | | 100,00 |
| Fortis Commercial Finance GmbH | Dusseldorf | | 100,00 |
| Fortis Commercial Finance Holding N.V. | 's-Hertogenbosch | | 100,00 |
| Fortis Commercial Finance Italy SPA | Assago - Milano | | 100,00 |
| Fortis Commercial Finance Luxembourg | Luxembourg | | 100,00 |
| Fortis Commercial Finance Limited | Tunbridge Wells | | 100,00 |
| Fortis Commerical Finance N.V. | s-Hertogenbosch | | 100,00 |
| Fortis Commercial Finance S.p.A. | Milano | | 100,00 |
| Fortis Commercial Finance SAS | Puteaux | | 100,00 |
| Fortis Commercial Finance Spain S.A. | Madrid | | 100,00 |
| FORTIS CREDIT4ME GMBH | ESSEN | | 100,00 |
| Fortis Custody (Curacao) N.V. | Willemstad Curacao | | 99,98 |
| Fortis Custody N.V. | Rotterdam | | 100,00 |
| Fortis Effectenbewaarbedrijf NV | Amsterdam | | 100,00 |
| FORTIS ENERGY LLC | New York | | 100,00 |
| FORTIS ENERGY LEASING X 2 BV (1) | s-Hertogenbosch | | 99,92 |
| FORTIS ENERGY LEASING X I BV (1) | s-Hertogenbosch | | 99,92 |
| FORTIS ENERGY MARKETING & TRADING GP | HOUSTON | | 100,00 |
| FORTIS ENERGY NORTH AMERICA S.à.R.L. | Luxembourg | | 100,00 |
| Fortis Equipment Leasing XL B.V. | Amsterdam | | 100,00 |
| Fortis Equipment Leasing XLI B.V. | Amsterdam | | 100,00 |
| Fortis Equipment Leasing XLII B.V. | Amsterdam | | 100,00 |
| Fortis Equipment Leasing XLIII B.V. | Amsterdam | | 100,00 |
| FORTIS FAKTORING A.S. | ISTANBUL | | 93,28 |
| Fortis Finance (UK) Ltd | London | | 100,00 |
| FORTIS FINANCE BELGIUM S.R.C.L. | BRUXELLES | BE 879.866.412 | 100,00 |
| Fortis Financial Products Ltd | Hong Kong | | 100,00 |
| FORTIS FINANCIAL SERVICES LLC | NEW YORK, NY | | 100,00 |
| FORTIS FINANSAL KIRALAMA A.S. (1) | ISTANBUL | | 99,92 |
| Fortis Floor Broker BV | Amsterdam | | 100,00 |
| Fortis Fund Services (Bahamas) Ltd | Nassau | | 100,00 |
| FORTIS FUNDING LLC | NEW YORK, NY | | 100,00 |
| FORTIS FUNDS (NEDERLAND) NV (2) | UTRECHT | | 99,98 |
| Fortis GBN Effectenbewaarbedrijf N.V. | Rotterdam | | 100,00 |
| FORTIS GESBETA SGIIC | MADRID | | 100,00 |
| FORTIS GESTION PRIVÉE | PARIS | | 99,97 |
| Fortis Global Arbitrage (Asia) Ltd | Hong Kong | | 99,95 |
| Fortis Global Custody Management & Trustee Services (Ireland) Ltd | Dublin | | 99,99 |
| Fortis Global Custody Services N.V. | Amsterdam | | 100,00 |
| Fortis Global Nominees Ltd | London | | 100,00 |

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| Name | Head-office | VAT/NN | Holding (%) |
|---|---|---|---|
| Fortis Groenbank B.V. | Amsterdam | | 100,00 |
| Fortis Group Services (Guernsey) Limited | Guernsey | | 99,98 |
| Fortis GSFG UK Ltd | London | | 100,00 |
| Fortis GSLA (Asia) Holdings Ltd | Hong Kong | | 100,00 |
| Fortis GSLA (Singapore) Pte Ltd | Hong Kong | | 100,00 |
| Fortis GSLA B.V. | Amsterdam | | 100,00 |
| Fortis GSLA Finance Holding GmbH | Frankfurt am Main | | 100,00 |
| Fortis GSLA Italia SIM SpA | Milan | | 100,00 |
| Fortis Holding (Curacao) N.V. | Willemstad Curacao | | 99,98 |
| FORTIS HOLDING MALTA B.V. | AMSTERDAM | | 93,26 |
| FORTIS HOLDING MALTA LTD | GZIRA | | 93,26 |
| Fortis Holdings (UK) Ltd. | London | | 100,00 |
| Fortis Hypotheek Bank N.V. | Rotterdam | | 100,00 |
| FORTIS IFICO | GRAND CAYMAN | | 100,00 |
| Fortis Information Bank Holding (Ireland) Ltd. | Dublin | | 100,00 |
| FORTIS INTERNATIONAL ADVISORY S.A. | BRUXELLES | BE 874.308.807 | 100,00 |
| FORTIS INTERNATIONAL FINANCE (DUBLIN) | DUBLIN | | 100,00 |
| Fortis International Holding Ltd | Nassau - Bahamas | | 100,00 |
| Fortis Intertax Ltd | Hong Kong | | 99,98 |
| Fortis Intertrust (Antilles) NV | Willemstad Curacao | | 99,98 |
| Fortis Intertrust (Asia) Limited | Tortola | | 99,98 |
| Fortis Intertrust (Belgium) NV/SA | Brussel | BE 435.177.929 | 99,98 |
| Fortis Intertrust (Caribbean) Ltd | Anguilla | | 99,98 |
| Fortis Intertrust (Curaçao) B.V. | Willemstad Curacao | | 99,98 |
| Fortis Intertrust (Curacao) N.V. | Willemstad, Curacao | | 99,98 |
| Fortis Intertrust (Denmark) A/S | Copenhagen | | 99,98 |
| Fortis Intertrust (Far East) Limited | Tortola Br.Virgin Isl. | | 99,98 |
| Fortis Intertrust (Guernsey) Limited | Guernsey | | 99,98 |
| Fortis Intertrust (Hong Kong) Limited | Hong Kong | | 99,98 |
| Fortis Intertrust (IOM) Ltd | Douglas | | 99,98 |
| Fortis Intertrust (Isle of Man) Ltd | Douglas | | 99,98 |
| Fortis Intertrust (London) Ltd | London | | 99,98 |
| Fortis Intertrust (Luxembourg) S.A. | Luxembourg | | 99,96 |
| Fortis Intertrust (Netherlands) B.V. | Amsterdam | | 99,98 |
| Fortis Intertrust (Rotterdam) B.V. | Rotterdam | | 99,98 |
| Fortis Intertrust (Singapore) Ltd | Singapore | | 99,98 |
| Fortis Intertrust (Spain) S.A.U. | Madrid | | 99,98 |
| Fortis Intertrust (Suisse) S.A. | Geneva | | 99,68 |
| Fortis Intertrust (Sweden) AB | Malmo | | 99,98 |
| Fortis Intertrust (UK) Ltd | London | | 99,98 |
| Fortis Intertrust Administration Services N.V. | Willemstad, Curaçao | | 99,98 |
| Fortis Intertrust Beheer B.V. | Amsterdam | | 99,98 |
| Fortis Intertrust China Services Ltd | Hong Kong | | 99,98 |
| Fortis Intertrust Corporate Services Limited | Anguilla, Br. W. Indies | | 99,98 |
| Fortis Intertrust Danismalik A.S. | Istanbul | | 99,98 |
| Fortis Intertrust Depositary Receipts B.V. | Amsterdam | | 99,98 |
| Fortis Intertrust Finance (IOM) Ltd. | Douglas | | 99,98 |
| Fortis Intertrust Finance N.V. | Willemstad | | 99,98 |
| Fortis Intertrust Financial Engineering S.A. | Luxembourg | | 99,96 |

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| Name | Head-office | VAT/NN | Holding (%) |
|---|---|---|---|
| Fortis Intertrust Financial Services B.V. | Amsterdam | | 99,98 |
| Fortis Intertrust Governance Advisory B.V. | Amsterdam | | 99,98 |
| Fortis Intertrust Governance Advisory N.V. | Antwerpen | BE 874.072.542 | 99,98 |
| Fortis Intertrust Group (London) Ltd | London | | 99,98 |
| Fortis Intertrust Group Holding S.A. | Geneva | | 99,98 |
| Fortis Intertrust Holdings (London) Ltd | London | | 99,98 |
| Fortis Intertrust Horwath (HK) Limited | Hong Kong | | 99,98 |
| Fortis Intertrust Horwath Management Consultants (Shangai) Co. Ltd | Shangai | | 99,98 |
| Fortis Intertrust Intellectual Property Group Holding SA | Geneva | | 99,98 |
| Fortis Intertrust International (London) Ltd | London | | 99,98 |
| Fortis Intertrust Management (Antilles) NV | Willemstad | | 99,98 |
| Fortis Intertrust Management (BVI) Limited | Tortola Br.Virgin Isl. | | 99,98 |
| Fortis Intertrust Management (Curaçao) N.V. | Willemstad Curacao | | 99,98 |
| Fortis Intertrust Management (IOM) Ltd | Douglas | | 100,00 |
| Fortis Intertrust Management Guernsey Ltd | St.-Peter-Port | | 99,92 |
| Fortis Intertrust Management NV | Willemstad, Curacao | | 99,98 |
| Fortis Intertrust Participations N.V. | Willemstad Curacao | | 99,98 |
| Fortis Intertrust Secretarial Services (London) Ltd. | London | | 99,98 |
| Fortis Intertrust Services (Curaçao) N.V. | Willemstad Curacao | | 99,98 |
| Fortis Intertrust Services (Schweiz) A.G. | Zug | | 99,18 |
| Fortis Intertrust Trust Reg. (Liechtenstein) | Vaduz | | 99,68 |
| Fortis Intertrust Trust Services (London) Ltd | London | | 99,98 |
| Fortis Intertrust Trustee Services B.V. | Amsterdam | | 99,98 |
| Fortis Intertrust Yacht & Aircraft Group Limited | Isle of Man | | 99,98 |
| Fortis Intertrust Yachting B.V. | Amsterdam | | 99,98 |
| Fortis Investment Far East Ltd | Hong Kong | | 100,00 |
| FORTIS INVESTMENT FINANCE FRANCE (2) | PARIS | | 99,98 |
| FORTIS INVESTMENT MANAGEMENT BELGIUM | BRUXELLES | BE 882.221.433 | 99,98 |
| FORTIS INVESTMENT MANAGEMENT CAYMAN (2) | George Town Cayman Isl. | | 99,97 |
| FORTIS INVESTMENT MANAGEMENT FRANCE SA (2) | PARIS | | 99,98 |
| FORTIS INVESTMENT MANAGEMENT HONG KONG LIMITED | WANCHAI | | 99,98 |
| FORTIS INVESTMENT MANAGEMENT JAPAN (2) | CHIYODA-KU, TOKYO | | 99,97 |
| FORTIS INVESTMENT MANAGEMENT LUXEMBOURG (2) | LUXEMBOURG | | 99,97 |
| FORTIS INVESTMENT MANAGEMENT Netherlands N.V. (2) | UTRECHT | | 99,98 |
| FORTIS INVESTMENT MANAGEMENT USA Inc (2) | BOSTON | | 99,98 |
| Fortis Investment Research GmbH | Hamburg | | 100,00 |
| Fortis Investments (Far East) | Chiyoda-Ku, Tokyo | | 100,00 |
| FORTIS INVESTMETNS JAPAN HOLDING CO. LTD (2) | CHIYODA-KU, TOKYO | | 99,98 |
| FORTIS INVESTMENTS MANAGEMENT TRUST COMPANY CO. (2) | CHIYODA-KU, TOKYO | | 99,98 |
| FORTIS INVESTMENTS MANAGEMENT SA | BRUXELLES | BE 462.748.891 | 99,98 |
| FORTIS LEASE (B) (1) | Sint-Agatha-Berchem | BE 403.269.481 | 99,92 |
| FORTIS LEASE (F) (1) | PUTEAUX CEDEX | | 99,92 |
| FORTIS LEASE CT (1) | BRUXELLES | BE 401.108.064 | 99,92 |
| FORTIS LEASE CZECH (1) | PRAHA | | 99,92 |
| FORTIS LEASE DEUTSCHLAND AG (1) | DÜSSELDORF | | 99,92 |
| FORTIS LEASE GROUP SA (1) | LUXEMBOURG | | 99,92 |
| FORTIS LEASE GROUP SERVICES (1) | BRUSSEL | BE 870.741.482 | 99,92 |
| FORTIS LEASE HOLDINGS UK LTD (1) | LONDON | | 99,92 |
| FORTIS LEASE HUNGARIA (1) | BUDAPEST | | 99,92 |

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## List of fully consolidated affiliated companies

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|---|
| (1) consolidated by Fortis Banque Luxembourg |
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| Capital letters: consolidated by Fortis Bank (Belgium) |
| Small letters: consolidated by Fortis Bank Nederland |

| Name | Head-office | VAT/NN | Holding (%) |
|---|---|---|---|
| FORTIS LEASE HUNGARIA REAL ESTATE (1) | BUDAPEST | | 99,92 |
| FORTIS LEASE IBERIA (1) | BARCELONA | | 99,94 |
| FORTIS LEASE ITALY (1) | ASSAGO | | 99,92 |
| FORTIS LEASE LUXEMBOURG (1) | LUXEMBOURG | | 99,92 |
| FORTIS LEASE NL (1) | s-Hertogenbosch | | 99,92 |
| FORTIS LEASE POLSKA (1) | WARSAW | | 99,92 |
| FORTIS LEASE PORTUGAL (1) | LISBOA | | 99,92 |
| FORTIS LEASE S.p.A (1) | TREVISO | | 99,92 |
| FORTIS LEASE SUISSE | LAUSANNE | | 99,92 |
| FORTIS LEASE UK LTD (1) | LONDON | | 99,92 |
| FORTIS LEASE UK (1) LTD (1) | GLASGOW | | 99,92 |
| FORTIS LEASE UK (2) LTD (1) | GLASGOW | | 99,92 |
| FORTIS LEASE UK (3) LTD (1) | GLASGOW | | 99,92 |
| FORTIS LEASE UK (4) LTD (1) | GLASGOW | | 99,92 |
| FORTIS LEASE UK (5) LTD (1) | GLASGOW | | 89,93 |
| FORTIS LEASE UK PROPERTIES LTD (1) | GLASGOW | | 99,92 |
| FORTIS LEASE UK RETAIL LIMITED (1) | GLASGOW | | 99,92 |
| FORTIS LUXEMBOURG FINANCE | LUXEMBOURG | | 100,00 |
| FORTIS MEDIACOM FINANCE | PARIS | | 99,95 |
| Fortis ME Holding B.V. | Amsterdam | | 100,00 |
| Fortis MeesPierson Bewind en Executele B.V. | Amsterdam | | 100,00 |
| Fortis MeesPierson Real Estate Growth Fund Management BV | Amsterdam | | 100,00 |
| Fortis MPR Reads Private Clients Ltd | Guernsey | | 98,98 |
| Fortis Multi Management Netherlands Holding B.V. | Amsterdam | | 100,00 |
| Fortis Nominees (Curaçao) N.V. | Willemstad Curacao | | 100,00 |
| Fortis Nominees (Guernsey) Ltd | St Peter Port | | 99,92 |
| Fortis Obligatie Groei Fonds N.V. | Amsterdam | | 99,96 |
| FORTIS PENSION EGFP S.A. | MADRID | | 100,00 |
| Fortis PF Investments (U.K.) Ltd | London | | 100,00 |
| FORTIS PORTFÔY YÔNETIMI A.S. (2) | ISTANBUL | | 99,98 |
| Fortis Prime Brokerage Ltd | London | | 100,00 |
| Fortis Prime Fund Solutions (ASIA) Ltd | Hong Kong | | 100,00 |
| Fortis Prime Fund Solutions (BVI) Ltd | Tortola | | 100,00 |
| Fortis Prime Fund Solutions (Cayman) Limited | George Town | | 100,00 |
| Fortis Prime Fund Solutions (Curacao) N.V. | Willemstad Curaçao | | 100,00 |
| Fortis Prime Fund Solutions (IOM) Ltd | Douglas | | 100,00 |
| Fortis Prime Fund Solutions (Japan) Ltd | Tokyo | | 100,00 |
| Fortis Prime Fund Solutions (Singapore) PTE Ltd | Singapore | | 100,00 |
| Fortis Prime Fund Solutions (Suisse) Sarl | Geneve | | 99,00 |
| Fortis Prime Fund Solutions (UK) Ltd | London | | 100,00 |
| Fortis Prime Fund Solutions (USA) LLC | New York | | 100,00 |
| Fortis Prime Fund Solutions Administration Services (Ireland) Ltd | Dublin | | 100,00 |
| Fortis Prime Fund Solutions Bank (Ireland) Limited | Dublin | | 100,00 |
| Fortis Prime Fund Solutions Custodial Services (Ireland) Ltd | Dublin | | 100,00 |
| Fortis Private Assisted Living I | Brussel | BE 875.965.696 | 99,96 |
| Fortis Private Assisted Living I N.V. | Brussel | BE 878.716.961 | 99,96 |
| Fortis Private Banking Singapore Limited | Singapore | | 100,00 |
| Fortis Private Equity (Asia) Ltd | George Town | | 66,67 |
| Fortis Private Equity (Hong Kong) Ltd | Hong Kong | | 66,67 |

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| Name | Head-office | VAT/NN | Holding (%) |
|---|---|---|---|
| Fortis Private Equity (Japan) Ltd. | Tokyo | | 100,00 |
| FORTIS PRIVATE EQUITY ASIA FUND S.A. | BRUSSEL | BE 866.161.894 | 100,00 |
| FORTIS PRIVATE EQUITY BELGIUM N.V. | BRUSSEL | BE 421.883.286 | 100,00 |
| FORTIS PRIVATE EQUITY EXPANSION BELGIUM NV | BRUXELLES | BE 425.499.309 | 100,00 |
| FORTIS PRIVATE EQUITY FRANCE FUND | STRASBOURG | | 100,00 |
| FORTIS PRIVATE EQUITY FRANCE S.A.S. | STRASBOURG | | 100,00 |
| Fortis Private Equity Holding Nederland BV | Utrecht | | 100,00 |
| FORTIS PRIVATE EQUITY MANAGEMENT N.V. | BRUSSEL | BE 438.091.788 | 100,00 |
| Fortis Private Equity Special Partnerships Fund B.V. | Utrecht | | 96,04 |
| FORTIS PRIVATE EQUITY VENTURE BELGIUM S.A. | BRUSSEL | BE 431.044.244 | 100,00 |
| Fortis Private Euro-Fashion-Center | LUXEMBOURG | | 99,96 |
| FORTIS PRIVATE INVESTISSEMENT MANAGEMENT LTD | LONDON | | 100,00 |
| Fortis Private Wealth Management (Curaçao) N.V. | Willemstad Curacao | | 99,98 |
| Fortis Project Finance | London | | 100,00 |
| Fortis Project Finance (No 2) Ltd | London | | 100,00 |
| Fortis Property Holdings (Ireland) Limited | Dublin | | 100,00 |
| Fortis Property Holdings (Ireland) Limited | Dublin | | 100,00 |
| FORTIS PROPRIETARY CAPITAL | STAMFORD | | 100,00 |
| FORTIS PROPRIETARY INVESTMENT (IRELAND) LTD. | DUBLIN 1 | | 100,00 |
| Fortis Reads International Management Ltd | Guernsey | | 99,98 |
| Fortis Reads Trustees Ltd | St Peter Port | | 99,98 |
| FORTIS SECURITIES LLC | NEW YORK, NY | | 100,00 |
| Fortis Trading Partners B.V. | Amsterdam | | 100,00 |
| Fortis Trustees (Guernsey) Ltd | St Peter Port Guernsey | | 99,92 |
| FORTIS VASTGOEDLEASE B.V. (1) | 's-Hertogenbosch | | 99,92 |
| Fortis Venturing Holding B.V. | Amsterdam | | 100,00 |
| FORTIS WEALTH MANAGEMENT (HONG KONG) LIMITED | HONG KONG | | 100,00 |
| FORTIS WEALTH MANAGEMENT (SINGAPORE) LIMITED | SINGAPORE | | 100,00 |
| Fortis Yacht Services NV | Antwerpen | BE 875.209.521 | 99,71 |
| FORTIS YATIRIM MENKUL DEGERLER A.S. | ETILER / ISTANBUL | | 93,25 |
| Frazer Holding Ltd | Hong Kong | | 99,98 |
| FRIEDLAND PARTICIPATION ET GESTION (1) | PUTEAUX | | 99,92 |
| Frynaco | Brussel | BE 418.940.129 | 99,95 |
| FSI HOLDING INC | NEW YORK | | 100,00 |
| Fund Management Services Ltd | Douglas | | 100,00 |
| FUNDAMENTUM ASSET MANAGEMENT (FAM) (1) | LUXEMBOURG | | 96,46 |
| Furlon Holding B.V. | Amsterdam | | 99,98 |
| G I FINANCE | DUBLIN 1 | | 100,00 |
| G.I.E. SERVICES GROUPE FORTIS FRANCE | PUTEAUX | | 99,98 |
| Gardonia Corporation NV | Willemstad Curacao | | 99,98 |
| GENERALE BANK PREF II | ROTTERDAM | | 100,00 |
| GENERALE BELGIAN FINANCE CY | HONG KONG | | 100,00 |
| GENFINANCE INTERNATIONAL S.A. | BRUXELLES | BE 421.429.267 | 100,00 |
| GENFINANCE N.V. | AMSTERDAM | | 100,00 |
| Gerbo Société d'Investissement S.A. | Brussel | BE 419.678.121 | 100,00 |
| GESELLSCHAFT FÜR CAPITAL & VERMÖGENSVERVALTUNG GmbH | ESSEN | | 100,00 |
| GIE IMMOBILIER GROUPE FORTIS PARIS | PUTEAUX | | 99,98 |
| Glynde Limited | Avon | | 99,98 |
| Gorillapark B.V. | Amsterdam | | 79,35 |

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|---|---|---|---|
| Greencastle Investments S.A.R.L. | Luxembourg | | 99,96 |
| GROEIVERMOGEN NV (2) | UTRECHT | | 99,98 |
| Grondwaardeplan B.V. | Amsterdam | | 100,00 |
| Gronefka BV | Amsterdam | | 100,00 |
| Groupe participations Financieres (GPF) B.V. | Amsterdam | | 99,98 |
| H.A.C. Consulting Engineers B.V. | Amsterdam | | 99,98 |
| Halford Ltd | London | | 99,98 |
| Halton Corp. S.A. | | | 99,98 |
| Halton Corporation Inc. | The Valley | | 99,98 |
| HAMBAKEN INVEST V (1) | AMERSFOORT | | 99,92 |
| Hampshire Limited | Anguilla | | 99,98 |
| Handelsmaatschappij d'Oude Wijnberg B.V. | Amsterdam | | 99,98 |
| Hanro BVBA | Brussel | BE 445.217.330 | 100,00 |
| Harrison Ltd | Douglas | | 99,98 |
| Heko Holding N.V. | Brussel | BE 459.532.550 | 100,00 |
| Helmbrook Ltd | London | | 99,98 |
| Hepplewhite Corporation NV | Willemstad Curacao | | 99,98 |
| Heysham International Ltd | London | | 99,98 |
| HFS Management Services Limited | Tortola | | 100,00 |
| Hirschmann Investments B.V. | Rotterdam | | 99,98 |
| Hiruvest Beteiligungs AG | Glarus | | 99,98 |
| Holdentia AG | Glarus | | 99,98 |
| Holding S.H.G. Poesen B.V. | Amsterdam | | 99,98 |
| Holland Intertrust Management NV | Willemstad, Curacao | | 99,98 |
| Hollycroft Ltd | Tortola | | 99,98 |
| Holme Head Ltd | Tortola | | 99,92 |
| Hopedale LLC | New York | | 99,98 |
| Hortaplus 2 | Amsterdam | | 100,00 |
| Horwath Intertrust Holdings Ltd | Hong Kong | | 99,98 |
| Horwarth Management Service Ltf | Wanchai | | 99,98 |
| Horwarth Tax Ltd | Wanchai | | 99,98 |
| Howsdrake Enterprises Ltd | Douglas | | 99,98 |
| Humblestone Limited | Nassau | | 99,98 |
| HYPO-G | BRUSSEL | BE 461.696.244 | 19,90 |
| Hypotrust 21 BV | Amsterdam | | 100,00 |
| Hypotrust 22 BV | Amsterdam | | 100,00 |
| Hypotrust 23 BV | Amsterdam | | 100,00 |
| Ibeco International N.V. | Willemstad | | 99,98 |
| Iberian Arbitrage S.L. | Madrid | | 100,00 |
| IBS Trade Limited | Zug | | 99,98 |
| I-Cap Antilles N.V. | Willemstad, Curacao | | 99,98 |
| I-Cap Asia Limited | Wanchai | | 50,00 |
| I-Cap Belgium NV | Brussel | BE 451.627.545 | 99,98 |
| I-Cap Luxembourg SA | Luxembourg | | 99,98 |
| I-Cap Magyar Kft | Budapest | | 99,98 |
| I-Cap Netherlands NV | Amsterdam | | 99,98 |
| I-Cap UK Ltd | London | | 99,98 |
| ICC Investments N.V. | Curaçao | | 99,98 |
| Icestar Branch | London | | 100,00 |

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| Name | Head-office | VAT/NN | Holding (%) |
|---|---|---|---|
| Icestar BV | Rotterdam | | 100,00 |
| IHI Nederland B.V. | Amsterdam | | 99,98 |
| Illium Group LLC | Wilmington | | 99,98 |
| Ilona Investments S.A. | Luxembourg | | 99,96 |
| IMMOBILIERE SAUVENIERE S.A. | BRUXELLES | BE 403.302.739 | 100,00 |
| INB Holdings Ltd | Hong Kong | | 100,00 |
| Infiniti Administration (Asia) Ltd | Wanchai | | 99,98 |
| Infiniti Escrow (Asia) Ltd. | Wanchai | | 99,98 |
| Infiniti Registration (Asia) Ltd. | Wanchai | | 99,98 |
| Infiniti Trust (Asia) Ltd | Hong Kong | | 100,00 |
| Infiniti Trust (NZ) Ltd | Auckland | | 99,98 |
| Infor Investment AG | Chur | | 99,98 |
| INKASSO KODAT GmbH & CO. KG | ESSEN | | 100,00 |
| Integrama Consultant Limited | London | | 99,98 |
| Interhof B.V. | Amsterdam | | 100,00 |
| International Card Services B.V. | Diemen | | 100,00 |
| International Card Services N.V. | Diegem | BE 870.813.936 | 100,00 |
| INTERNAXX BANK | LUXEMBOURG | | 74,94 |
| Interprom NV | Willemstad Curacao | | 99,98 |
| INTERSELEX S.A./N.V. | BRUXELLES | BE 415.213.646 | 100,00 |
| Intertrust DOM SA | Luxembourg | | 99,96 |
| Intertrust Finance Limited (Anguilla) | Anguilla | | 99,98 |
| Intertrust Group NV | Willemstad, Curacao | | 99,98 |
| Intertrust Holdings Limited | Anguilla | | 99,98 |
| Intertrust Insurance NV | Willemstad | | 99,98 |
| Intertrust London | London | | 99,98 |
| Intertrust Management (BVI) Ltd | Tortola | | 99,98 |
| Intertrust Management (Luxembourg) SA | Luxembourg | | 99,96 |
| Intertrust Management NV - Geneva Branch | Geneva | | 99,98 |
| Intertrust Management N.V. - Zug Branch | Zug | | 99,98 |
| Intertrust Nominees Limited | Tortola | | 99,98 |
| Intertrustit B.V. | Amsterdam | | 66,66 |
| Intimis Management Company NV | Willemstad Curacao | | 99,98 |
| Italia Finance and Trading Srl. | Milan | | 100,00 |
| Jarwell Ltd | Hong Kong | | 99,98 |
| Jasmette Valley Inc. | Vaduz | | 99,98 |
| JAVF Custodian BV | Amsterdam | | 99,98 |
| JEB Ltd | Monrovia | | 99,98 |
| Jerto Investments S.A.R.L. | Luxembourg | | 99,96 |
| JFM Baars Beheer Brielle BV | Willemstad Curacao | | 99,98 |
| Joep Holding S.A. | Charlotte | | 99,98 |
| Joint Express Investments Ltd | Nassau | | 99,98 |
| Joyeagle Ltd | Tortola | | 99,98 |
| JSH Services Ltd | Guernsey | | 99,98 |
| Jurian SA | Luxembourg | | 99,98 |
| Kallow Ltd | London | | 99,98 |
| Karmust BV | Willemstad Curacao | | 99,98 |
| Kastanjedael Beleggingsmaatschappij B.V. | Amsterdam | | 99,98 |
| KBW Wesselius Trust Service N.V. | Amsterdam | | 99,98 |

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| Name | Head-office | VAT/NN | Holding (%) |
|---|---|---|---|
| KCP Netherlands Holdings B.V. | Amsterdam | | 99,98 |
| KCP Netherlands Holdings II B.V. | Amsterdam | | 99,98 |
| Kelburne Ltd | Tortola | | 99,98 |
| Klausen Finanz AG | Glarus | | 99,98 |
| Knip S.A.R.L. | Luxembourg | | 99,96 |
| Kranendonk Beheer B.V. | Amsterdam | | 99,98 |
| Krowal N.V. | Brussel | BE 453.869.433 | 99,98 |
| LaBoras Inc. | Tortola | | 99,98 |
| Lakei B.V. | Amsterdam | | 99,98 |
| Lattice Systems BV | Amsterdam | | 99,98 |
| Lauderdale Associates BV | Willemstad Curacao | | 99,98 |
| Leamaat Dzeta BV | Rotterdam | | 100,00 |
| Leamaat Eta BV | Rotterdam | | 100,00 |
| Leisteen Beheer N.V. | Amsterdam | | 99,98 |
| Leplatex-Verein Holding S.A. | Amsterdam | | 99,98 |
| Lexus Services Limited | St Peter Port | | 99,92 |
| Lipniza Investments S.A.R.L. | Luxembourg | | 99,96 |
| Lippizaner N.V. | Amsterdam | | 99,98 |
| Lisia I | Guernsey | | 100,00 |
| Livestock NV | Willemstad Curacao | | 99,98 |
| Locherben Company Ltd | Central Hong Kong | | 100,00 |
| Locum NV | Willemstad Curacao | | 99,98 |
| Lodans Holding SA | Geneva | | 99,98 |
| Lohuis & Co BV | Rotterdam | | 100,00 |
| London Directors Ltd | London | | 99,98 |
| London Secretaries Ltd | London | | 99,98 |
| London Trustees Limited | London | | 99,98 |
| Lotus Trust Company Ltd | St Peter Port | | 99,92 |
| Maas Capital Investments B.V. | Rotterdam | | 100,00 |
| Maatschappij voor Trust-en Administratiezaken B.V. | Rotterdam | | 100,00 |
| Mahonie Corporation NV | Willemstad Curacao | | 99,98 |
| Malmsbury Nominees Ltd | Wanchai | | 62,50 |
| Mamoru Autumn C.V. | Amsterdam | | 49,99 |
| Mangon Investments S.A. | Luxembourg | | 99,96 |
| Mapasc Management Ltd | Willemstad Curacao | | 99,98 |
| Marba Investments S.A.R.L. | Luxembourg | | 99,96 |
| Mayel Holding S.A. | Luxembourg | | 49,99 |
| McKinley Corporation N.V. | Willemstad Curacao | | 99,98 |
| MECKLENBURGISCHE LEASING GmbH | ESSEN | | 100,00 |
| MEDI LEASE FINANS B.V. (1) | 's-Hertogenbosch | | 99,92 |
| Medifix R&D B.V. | Amsterdam | | 99,98 |
| Mees & Hope C.V. | Amsterdam | | 100,00 |
| Mees Jota BV | Amsterdam | | 100,00 |
| Mees Pierson Investment Finance SA | Zug | | 100,00 |
| MeesPierson (Bahamas) Ltd | Nassau | | 100,00 |
| MeesPierson (Isle of Man) Ltd | Douglas | | 100,00 |
| MeesPierson (Isle of Man) Nominees Ltd | Douglas | | 100,00 |
| MeesPierson Accounting & Consulting Services BV | Amsterdam | | 99,98 |
| MeesPierson AIS Holding BV | Amsterdam | | 100,00 |

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|---|---|---|---|
| MeesPierson Beteiligungsgesellschaft GmbH | Hamburg | | 100,00 |
| MeesPierson Capital Management (B.V.I) Ltd | Tortola | | 100,00 |
| MeesPierson Capital Management (BVI) Ltd | Tortola | | 100,00 |
| MeesPierson Capital Management (Cayman) Ltd | George Town | | 100,00 |
| MeesPierson Capital Management International Ltd | George Town | | 100,00 |
| MeesPierson Corporate Advisory Service Pte Ltd | Singapore | | 100,00 |
| MeesPierson Corporate Service Pte Ltd | Singapore | | 100,00 |
| MeesPierson Deelnemingen (Curacao) NV | Willemstad Curacao | | 99,98 |
| MeesPierson Defeasance XXIV BV | Amsterdam | | 100,00 |
| MeesPierson Depositofonds B.V. | Amsterdam | | 99,96 |
| MeesPierson ECAZ Maatschappij BV | Amsterdam | | 100,00 |
| MeesPierson Equipment Leasing XII BV | Amsterdam | | 100,00 |
| MeesPierson Equipment Leasing XIII BV | Amsterdam | | 100,00 |
| MeesPierson Equipment Leasing XIV BV | Amsterdam | | 100,00 |
| MeesPierson Equipment Leasing XIX BV | Amsterdam | | 100,00 |
| MeesPierson Equipment Leasing XVI BV | Amsterdam | | 100,00 |
| MeesPierson Equipment Leasing XVII BV | Amsterdam | | 100,00 |
| MeesPierson Equipment Leasing XVIII BV | Amsterdam | | 100,00 |
| MeesPierson Equipment Leasing XX BV | Amsterdam | | 100,00 |
| MeesPierson Equipment Leasing XXI BV | Amsterdam | | 100,00 |
| MeesPierson Equipment Leasing XXIII BV | Amsterdam | | 100,00 |
| MeesPierson Equipment Leasing XXIV BV | Rotterdam | | 100,00 |
| MeesPierson Equipment Leasing XXIX BV | Amsterdam | | 100,00 |
| MeesPierson Equipment Leasing XXV BV | Amsterdam | | 100,00 |
| MeesPierson Family Office B.V. | Den Haag | | 100,00 |
| MeesPierson Financial Management KFT | Budapest | | 97,50 |
| MeesPierson Fonds Services GMBH | Hamburg | | 100,00 |
| MeesPierson Fund Custodian BV | Amsterdam | | 100,00 |
| MeesPierson Intereast Finance Co Ltd | Tortola | | 100,00 |
| MeesPierson Intertrust Management (Ireland) Limited | Dublin | | 99,98 |
| MeesPierson Investeringsmaatschappij II BV | Amsterdam | | 100,00 |
| MeesPierson Investment Holding BV | Amsterdam | | 100,00 |
| MeesPierson Investments (Luxembourg) SA | Luxembourg | | 100,00 |
| MeesPierson Leasing BV | Amsterdam | | 99,98 |
| MeesPierson Management (Cayman) Ltd | George Town | | 100,00 |
| MeesPierson Management Services (Denmark) ApS | Copenhagen | | 100,00 |
| MeesPierson Nominees (Cayman) Ltd | George Town | | 100,00 |
| MeesPierson Participaties BV | Amsterdam | | 100,00 |
| MeesPierson PE Participatiemaatschappij B.V. | Amsterdam | | 100,00 |
| MeesPierson Private & Trust Holding BV | Amsterdam | | 100,00 |
| MeesPierson Private Belgian Offices N.V. | Sint-Joost-Ten-Noode | BE 870.332.104 | 99,96 |
| MeesPierson Private Equity Management B.V. | Amsterdam | | 100,00 |
| MeesPierson Real Estate Management B.V. | Amsterdam | | 100,00 |
| MeesPierson Real Estate Management S.A. | Luxembourg | | 99,96 |
| MeesPierson Treasury Holding BV | Amsterdam | | 100,00 |
| Meon Investments NV | Willemstad Curacao | | 99,98 |
| MERKUR BETEILIGUNGS- UND VERVALTUNGSGESELLSCHAFT GmbH | ESSEN | | 100,00 |
| Merrit Developments Limited | Douglas | | 99,98 |
| Metropolitan Management B.V. | Amsterdam | | 99,98 |

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|---|---|---|---|
| Mida Systems Enterprise BV | Amsterdam | | 99,98 |
| Milton Limited | Douglas | | 99,98 |
| Mirandella Investments S.A. | Luxembourg | | 99,96 |
| Mody LTD | Monrovia | | 99,98 |
| Moeara Enim Investeringmaatschappij I B.V. | Amsterdam | | 90,00 |
| Moeara Enim Investeringmaatschappij II B.V. | Amsterdam | | 100,00 |
| Moeara Enim Investeringmaatschappij III B.V. | Amsterdam | | 100,00 |
| Moeara Enim Investeringmaatschappij IV B.V. | Amsterdam | | 100,00 |
| Moeara Enim Investeringmaatschappij V B.V. | Amsterdam | | 100,00 |
| Moeara Enim Investeringsmaatschappij VI B.V. | Amsterdam | | 100,00 |
| Moffgrove International Ltd | Dublin | | 99,98 |
| Mollyland Inc | Tortola | | 99,98 |
| Monterey Nominees Limited | St Peter Port | | 99,92 |
| Monterey Services | LUXEMBOURG | | 99,96 |
| Montrond Inc | Tortola | | 99,98 |
| Moshan Holding B.V. | Amsterdam | | 99,98 |
| Mount Kellet NV | Willemstad Curacao | | 99,98 |
| MP Beheermaatschappij II N.V. | Brussel | BE 404.455.851 | 100,00 |
| MP Dutch IC Fund Management B.V. | Amsterdam | | 100,00 |
| MPB Nominees Ltd | Nassau | | 100,00 |
| MPF Nominees Ltd | Nassau | | 100,00 |
| MPGF Euro Liquiditeiten Fonds N.V. | Amsterdam | | 99,96 |
| MPI Consulting Ltd | Tortola | | 99,98 |
| MPI Services | Brussel | BE 463.120.065 | 99,98 |
| MPIC S.A. | Geneve | | 99,58 |
| MPIT Structured Financial Services SE | Amsterdam | | 99,98 |
| Mpre Holding S.A. | Luxembourg | | 99,96 |
| MPRE Management (Belgium) SA | Brussel | BE 871.937.750 | 99,96 |
| MPT Services N.V. | Brussel | BE 449.131.378 | 99,98 |
| M-Style Ltd | Wanchai | | 99,98 |
| Multi Trade Services Limited | Wanchai | | 99,98 |
| N.V. Beleggingsmaatschappij Mihul | Willemstad Curacao | | 99,98 |
| Nagro S.A. | Amsterdam | | 99,98 |
| Navidad Investments S.A. | Luxembourg | | 99,96 |
| NAZCA CAPITAL | MADRID | | 100,00 |
| NAZCA INVERSIONES | MADRID | | 100,00 |
| Nederlandse Overzee Bank BV | Amsterdam | | 100,00 |
| Neossolution S.A. | Bruxelles | BE 877.740.627 | 99,80 |
| NeSBIC Fund in Fund B.V. | Utrecht | | 96,04 |
| NeSBIC Fund Management B.V. | Utrecht | | 100,00 |
| NeSBIC Groep B.V. | Utrecht | | 100,00 |
| NeSBIC Holdings II B.V. | Utrecht | | 80,00 |
| NeSBIC Holdings III B.V. | Utrecht | | 100,00 |
| NeSBIC Holdings IV B.V. | Utrecht | | 93,44 |
| NeSBIC Investment Fund C.V. | Utrecht | | 99,00 |
| NeSBIC Venture Fund C.V. | Utrecht | | 100,00 |
| NeSBIC Venture Management B.V. | Utrecht | | 100,00 |
| NeSBIC Ventures B.V. | Utrecht | | 100,00 |
| Nimox Invest B.V. | Utrecht | | 99,00 |

**V.A.T. BE 403.199.702**

## List of fully consolidated affiliated companies

(1) consolidated by Fortis Banque Luxembourg
(2) consolidated by Fortis Investments Management
Capital letters: consolidated by Fortis Bank (Belgium)
Small letters: consolidated by Fortis Bank Nederland

| Name | Head-office | VAT/NN | Holding (%) |
|---|---|---|---|
| NISSAN FINANCE BELGIUM | BRUSSEL | BE 445.305.917 | 99,98 |
| Northbridge Financial Consultants Ltd | Dublin | | 99,98 |
| Nucletron Beheer B.V. | Curaçao | | 99,98 |
| Nut-Holding N.V. | Amsterdam | | 100,00 |
| O.T.C. Option Traders Combination 1 B.V. | Amsterdam | | 100,00 |
| OCA Pom | Amsterdam | | 100,00 |
| Olivijn Beheer B.V. | Amsterdam | | 99,98 |
| Onroerend-goed Maatschappij Coolsingel BV | Rotterdam | | 100,00 |
| Ook & Eigen N.V. | Amsterdam | | 100,00 |
| Oosteroever Hypotheken B.V. | Rotterdam | | 100,00 |
| Orsay International B.V. | Amsterdam | | 100,00 |
| Ouderkerk Beleggingsmaatschappij NV | Willemstad Curacao | | 99,98 |
| Overland S.a.r.l. | Charlotte | | 99,98 |
| Overseas Investments Ltd | Douglas | | 100,00 |
| Oyens Aruba Management Corporation N.V. | Aruba | | 99,98 |
| P.M.S. Trust S.A. | Charlotte | | 99,98 |
| Packskill BV | Rotterdam | | 100,00 |
| PAD GAS LEASING LLC | NEW YORK | | 100,00 |
| Panorama NV | Willemstad Curacao | | 99,98 |
| Papillon Investments S.A.R.L. | Luxembourg | | 99,96 |
| Pararium BV | Amsterdam | | 99,98 |
| Park Mountain Capital 2002-I | Amsterdam | | 100,00 |
| Partlease Rotterdam II BV | Rotterdam | | 100,00 |
| Partlease Rotterdam III BV | Rotterdam | | 100,00 |
| Partlease Rotterdam V BV | Rotterdam | | 100,00 |
| Partship Holding BV | Amsterdam | | 100,00 |
| PATMORE (1) | LUXEMBOURG | | 99,05 |
| PATTISON (1) | LUXEMBOURG | | 99,92 |
| PBI HOLDING AG (1) | ZUG | | 99,92 |
| PCS Ltd | Wanchai | | 99,98 |
| PCS Secretaries | Wanchai | | 99,98 |
| Pearl Partners Ltd | Wanchai | | 99,98 |
| Pehapex NV | Willemstad Curacao | | 99,98 |
| Penseiku BV | Willemstad Curacao | | 99,98 |
| Permese Holding III B.V | Amsterdam | | 80,50 |
| Pet Pack N.V. | Sint-Niklaas | BE 862.519.941 | 99,79 |
| PhastabeWEK B.V. | Amsterdam | | 99,98 |
| Phidias Management NV | Brussel | BE 447.279.272 | 99,98 |
| Phoebe LLC | Cheyenne | | 99,98 |
| Pierjet Investments S.A. | Luxembourg | | 99,98 |
| Podocarpus Holding BV | Amsterdam | | 100,00 |
| Poirel Investments S.A. | Luxembourg | | 99,96 |
| Polyval Associates SA | Geneva | | 99,48 |
| Poole holdings Antilles N.V. | Amsterdam | | 99,98 |
| Portfolio & Investment Management Services | Monrovia | | 99,98 |
| Porthos Group Ltd | Tortola | | 99,92 |
| Premium Consultants Limited | Douglas | | 99,98 |
| Premium Emerging Managed Capital I | Amsterdam | | 100,00 |
| Premium Secretaries Ltd | Douglas | | 99,98 |

**V.A.T. BE 403.199.702**

## List of fully consolidated affiliated companies

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Capital letters: consolidated by Fortis Bank (Belgium)
Small letters: consolidated by Fortis Bank Nederland

| Name | Head-office | VAT/NN | Holding (%) |
|---|---|---|---|
| Premium Secretaries Ltd (London) | London | | 99,98 |
| Prinza Ltd | Wanchai | | 99,98 |
| Prisim Services Limited (UK) | London | | 66,65 |
| Pritchards Trustees Ltd | Guernsey | | 66,65 |
| PT FORTIS INVESTMENTS (2) | JAKARTA | | 98,98 |
| PT MeesPierson Indonesia | Jakarta | | 100,00 |
| PW Management Ltd | Wanchai | | 50,00 |
| Quercus Vermögensverwaltungs AG | Basle | | 68,25 |
| Quion 9 B.V. | Rotterdam | | 100,00 |
| Quion VII B.V. | Rotterdam | | 100,00 |
| Radcliff Holding B.V. | Amsterdam | | 99,98 |
| Rakestone Ltd | Douglas | | 99,98 |
| Reefer Three BV | Rotterdam | | 100,00 |
| Reenstone Ltd | Douglas | | 99,98 |
| Rigoletto Corporation NV | Willemstad Curacao | | 99,98 |
| Rilar Associated S.A. | Road Town | | 99,98 |
| Rimeda Holding & Investment Company NV | Willemstad Curacao | | 99,98 |
| Rivercroft Ltd. | Douglas | | 99,98 |
| Roca Blanca | Panama | | 99,98 |
| Rocom Limited | Douglas | | 99,98 |
| Rokin Derivatives Trading B.V. | Amsterdam | | 100,00 |
| Roslea LTD | Wanchai | | 99,98 |
| Roswell Ltd | Wanchai | | 99,98 |
| Rushmead Ltd | Tortola | | 99,98 |
| Rustem Ltd | Tortola | | 99,98 |
| SADE (1) | STRASBOURG | | 99,92 |
| Saltasol Associated S.A. | Vaduz | | 99,98 |
| Saltory B.V. | Amsterdam | | 99,98 |
| San Maramba (BVI) Ltd | Tortola | | 99,98 |
| Sanary Investments S.A.R.L. | Luxembourg | | 99,96 |
| Sandwell Investment Ltd | Wanchai | | 50,00 |
| Sanote Holding B.V. | Amsterdam | | 99,98 |
| Sapphire Services N.V. | Oranjestad | | 99,98 |
| Sartfell Ltd | London | | 99,98 |
| Satepe Beheer B.V. | Amsterdam | | 99,98 |
| Scaldis Capital Limited | Jersey | | 100,00 |
| Sceptre Consultants Ltd | London | | 99,98 |
| Schiehallion Corporation | Panama City | | 99,98 |
| SCI CHAMPVERNIER (1) | PUTEAUX | | 99,92 |
| SCI FLIF-AZUR (1) | PUTEAUX | | 99,92 |
| SCI FLIF-CHATEAU LANDON (1) | PUTEAUX | | 99,92 |
| SCI FLIF-EVRY 2 (1) | PUTEAUX | | 99,92 |
| SCI FLIF-LE GALLO (1) | PUTEAUX | | 99,92 |
| SCI FLIF-LE PORT (1) | PUTEAUX | | 99,92 |
| SCI FLIF-SAINTE MARIE (1) | PUTEAUX | | 99,92 |
| Seckford Finance B.V. | Amsterdam | | 99,98 |
| Segerstam Holding BV | Amsterdam | | 99,98 |
| Serna AG | Glarus | | 99,98 |
| Shannigaen B.V. | Amsterdam | | 99,98 |

**V.A.T. BE 403.199.702**

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| Name | Head-office | VAT/NN | Holding (%) |
|---|---|---|---|
| Shaw & Company Ltd | London | | 100,00 |
| Shirewood Ltd | Douglas | | 99,98 |
| Silversands LLC | New York | | 99,98 |
| SITF Holding B.V. | Amsterdam | | 99,98 |
| Skyline Impex Ltd | London | | 99,98 |
| Slock International | Amsterdam | | 66,67 |
| Snowdon-Mast B.V. | Amsterdam | | 99,98 |
| Société de Participations Agro Industrielles SA (Sopagri SA) | Luxembourg | | 99,98 |
| Socigemar AG | Zug | | 99,98 |
| Socotel S.A. | Amsterdam | | 99,98 |
| SOWO INVEST S.A./N.V. | Brussel | BE 877.279.282 | 87,50 |
| Stachys Beheer BV | Amsterdam | | 100,00 |
| Stalder Treahad AG | Zug | | 99,98 |
| Starway Ltd | London | | 99,98 |
| Staten Management NV | Willemstad Curacao | | 99,98 |
| Sternlan Holding BV | Amsterdam | | 99,92 |
| Stichting Bondix Finance | Amsterdam | | 99,98 |
| Stichting Clearway Finance | Amsterdam | | 99,98 |
| Stocksfield Ltd | Tortola | | 99,92 |
| Subco Limited | Douglas | | 99,98 |
| Swilken Holding S.A. | Panama City | | 99,98 |
| Sycamore Insurance 6 B.V. | Utrecht | | 100,00 |
| Sycamore Insurance 7 B.V. | Utrecht | | 100,00 |
| Tacupai Corporation N.V. | Amsterdam | | 99,98 |
| Taitbout Silicium B.V. | Amsterdam | | 99,98 |
| Tapman (Nominees) Ltd | Wanchai | | 99,98 |
| Taygeta S.A.R.L. | Luxembourg | | 99,96 |
| TG Netto Geldmarkt Fonds N.V. | Amsterdam | | 99,96 |
| The Offshore Management Company NV | Willemstad Curacao | | 99,98 |
| Tonijn Holding N.V. | Amsterdam | | 99,98 |
| Tonko NV | Brussel | BE 458.599.370 | 100,00 |
| Trade Commodity Finance Holding BV | Rotterdam | | 100,00 |
| Treatbase Limited | Edgware | | 99,98 |
| Triviaal III B.V. | Utrecht | | 99,98 |
| Troubadour Corporation BV | Willemstad Curacao | | 99,98 |
| Trust & Administratiekantoor Brentano B.V. | Amsterdam | | 99,98 |
| Twine International Proms Ltd | St Peter Port | | 99,92 |
| Uninter B.V. | Amsterdam | | 100,00 |
| United Reforce II B.V. | Amsterdam | | 100,00 |
| Universal Management Services | Luxembourg | | 99,96 |
| UPPER HATCH SECURITIES LTD | DUBLIN 1 | | 100,00 |
| Utrecht Trading & Investment C.V. | Amsterdam | | 99,98 |
| Valdemore Holding B.V. | Amsterdam | | 99,98 |
| Velma Corporation N.V. | Curacao | | 99,98 |
| VELO DIRECT LIMITED (1) | GLASGOW | | 99,92 |
| Verne Business Excellence B.V. | Culemborg | | 92,00 |
| VerzekeringsOffice B.V. | Gouda | | 100,00 |
| Vestimentum B.V. | Amsterdam | | 99,98 |
| Vijverberg Trust BV | Amsterdam | | 99,98 |

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Small letters: consolidated by Fortis Bank Nederland

| Name | Head-office | VAT/NN | Holding (%) |
|---|---|---|---|
| Vijverberg Trust Custodian B.V. | Amsterdam | | 99,98 |
| Vijverduin N.V. | Curacçao | | 98,06 |
| Vivenda Regina NV | Willemstad Curacao | | 99,98 |
| VON ESSEN KG BANKGESELLSCHAFT | ESSEN | | 100,00 |
| W.I.T.G Ltd | London | | 99,98 |
| WA PEI CREDIT LIMITED | Hong Kong | | 100,00 |
| WA PEI FINANCE COMPANY LTD | HONGKONG | | 100,00 |
| WA PEI PROPERTIES | HONGKONG | | 100,00 |
| Watermark Entreprises Limited | London | | 99,98 |
| WB II FUNDING LLC | NEW YORK | | 100,00 |
| Whitefriars Holdings Ltd | Douglas | | 100,00 |
| Windermere Asset Management Ltd | Nassau | | 100,00 |
| Wolston B.V. | London | | 99,98 |
| Woodshire Ltd | Douglas | | 99,98 |
| World International Affliates Corp | Tortola | | 99,68 |
| Yacht Finance & Services BV | Amsterdam | | 99,98 |
| Yvomanta Corporation NV | Willemstad Curacao | | 99,98 |
| Zeewater Holding BV | Amsterdam | | 99,98 |
| Zefanja NV | Willemstad Curacao | | 99,98 |
| Zentravest Holding AG | Zug | | 99,98 |
| Zoë S. Company Ltd | Nassau | | 100,00 |
| Zonet Corporation NV | Willemstad Curacao | | 99,98 |
| Zuidvoorne Beheer | Amsterdam | | 99,98 |

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Capital letters: consolidated by Fortis Bank (Belgium)
Small letters: consolidated by Fortis Bank Nederland

| Name | Head-office | VAT/NN | Holding (%) | Reasons |
|---|---|---|---|---|
| A.M.B. - WEST AFRICA | ABIDJAN 01 | | 100,00 | Unjustified delay |
| Abic Holding B.V. | Ansen | | 72,22 | Immaterial interest |
| Arnoldsford Ltd | Douglas | | 74,98 | Immaterial interest |
| ASLK-CGER Services | BRUSSEL | BE 458.523.354 | 89,00 | Immaterial interest |
| BANQUE INTERNATIONALE POUR L'AFRIQUE AU TOGO | LOME | | 60,18 | Unjustified delay |
| Bellingham Enterprises Ltd | Douglas | | 74,98 | Immaterial interest |
| BPC DEVELOPPEMENT | PARIS | | 99,96 | Immaterial interest |
| Capella Trading Ltd | Douglas | | 74,98 | Immaterial interest |
| Carbone S.A.R.L. | Luxembourg | | 99,96 | Immaterial interest |
| CEEDSA S.L. | MADRID | | 56,59 | Immaterial interest |
| CERTIFIMMO | BRUXELLES | BE 430.926.656 | 51,00 | Real estate certificate |
| CERTIFIMMO II | BRUXELLES | BE 431.434.224 | 51,20 | Real estate certificate |
| Chandlersford Resources Ltd | Douglas | | 74,98 | Immaterial interest |
| COMPTOIR AGRICOLE DE WALLONIE | Namen | BE 400.364.530 | 100,00 | Immaterial interest |
| COPPEFIS | BRUSSEL | BE 453.987.813 | 100,00 | Immaterial interest |
| CP (New Zealand) Trustees Limited | Auckland | | 99,98 | Immaterial interest |
| DECOM SERVICES LTD | MALTA | | 93,25 | Immaterial interest |
| DISCONTOKANTOOR VAN TURNHOUT | TURNHOUT | BE 404.154.755 | 100,00 | Immaterial interest |
| DIS GLOBUS MALTA LTD | GRIZA | | 93,19 | Immaterial interest |
| DIS INVEST MANAGEMENT LTD | TORTOLA | | 93,19 | Immaterial interest |
| DISTRI-INVEST | BRUXELLES | BE 431.242.105 | 51,00 | Real estate certificate |
| ELIMMO | LUXEMBOURG | | 99,92 | Real estate management |
| Emerald Shipping B.V. | Utrecht | | 99,00 | Immaterial interest |
| EURAFRICAN BANK (TANZANIA) LTD. | DAR ES-SALAAM | | 73,80 | Unjustified delay |
| EURL GOURVILLE IMMOBILIER | PARIS | | 99,98 | Immaterial interest |
| EXVIESA | MADRID | | 53,53 | Immaterial interest |
| FAGUS | ZWIJNAARDE | BE 475.207.255 | 55,00 | Immaterial interest |
| FB SECTOR FINANCE LP | New York | | 100,00 | Immaterial interest |
| FINEST | BRUXELLES | BE 449.082.680 | 100,00 | Real estate certificate |
| FORTIS BANK ESCRITORIO DE REPRESENTACAO LTDA | SAO PAULO | | 88,40 | Immaterial interest |
| FORTIS FOREIGN FUND SERVICES AG (1) | ZURICH | | 99,61 | Immaterial interest |
| FORTIS L CAPITAL (1) | LUXEMBOURG | | 99,92 | Immaterial interest |
| FORTIS LIQUIDITY HIGH GRADE USD | Luxembourg | | 57,14 | Immaterial interest |
| FORTIS PRIVATE EQUITY ARKIMEDES N.V. | BRUXELLES | BE 878.499.603 | 50,10 | Immaterial interest |
| FORTIS SERVICES MONETIQUES | PUTEAUX | | 99,98 | Immaterial interest |
| Fountainfield Services Ltd | Douglas | | 74,98 | Immaterial interest |
| FP CONSULT (GUERNSEY) LTD (2) | GUERNSEY | | 99,98 | Immaterial interest |
| Garrabost Properties Ltd | Douglas | | 74,98 | Immaterial interest |
| GENERALE BRANCH NOMINEES LTD | LONDON | | 100,00 | Immaterial interest |
| GENEVE CREDIT & LEASING SA | GENEVE | | 51,00 | Immaterial interest |
| GESCHAFTSFUHRUNGS GMBH DER GENERALE BANK | KöLN | | 100,00 | Immaterial interest |
| Gilaspi Investments S.A. | Luxembourg | | 99,96 | Immaterial interest |
| GLOBAL FINANCE & LEASING SA (1) | BUCHAREST | | 99,92 | Immaterial interest |
| Global Management Services (1) | BUCHAREST | | 99,92 | Immaterial interest |
| GRUPO DE BODEGAS VINARTIS S.A. | Madrid | | 53,53 | Immaterial interest |
| GÚZMAN | BARCELONA | | 84,31 | Immaterial interest |
| Hedonaï Estetica Integral, S.L. | Madrid | | 96,15 | Immaterial interest |
| Hemswell Consultants Ltd | Douglas | | 74,98 | Immaterial interest |
| Holding Vreedenlust Fund II | Amsterdam | | 75,82 | Immaterial interest |
| I.D.B.P. SA | Parijs | | 99,33 | Real estate certificate |
| IMAG SPV B.V. | Lelystad | | 81,25 | Immaterial interest |
| IMMO CERTREST | BRUSSEL | BE 458.406.954 | 100,00 | Real estate management |
| IMMO KOLONEL BOURGSTRAAT | BRUSSEL | BE 461.139.879 | 50,00 | Real estate management |
| IMMOBILIERE DAVOUT (1) | DIJON | | 99,92 | Real estate management |
| Innovatieve Medical Solutions BV | Mierlo | | 94,00 | Immaterial interest |
| Irongate Holding & Investments Ltd | Dublin 2 | | 99,98 | Immaterial interest |
| Izar Enterprises Ltd | Douglas | | 74,98 | Immaterial interest |
| Knottend Trading Ltd | Douglas | | 74,98 | Immaterial interest |
| Lakeston Ltd | London | | 99,98 | Immaterial interest |
| LANDBOUWKANTOOR VLAANDEREN | KORTRIJK | BE 405.460.889 | 100,00 | Immaterial interest |

**V.A.T. BE 403.199.702**

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| Name | Head-office | VAT/NN | Holding (%) | Reasons |
|---|---|---|---|---|
| LIZARAN | BARCELONA | | 97,66 | Immaterial interest |
| Ludgewall Trading Ltd | Douglas | | 74,98 | Immaterial interest |
| MINE.BE | BRUSSEL | BE 471.793.053 | 100,00 | Immaterial interest |
| Nashira Services Ltd | Douglas | | 99,98 | Immaterial interest |
| NOVY N.V. | KUURNE | | 53,69 | Immaterial interest |
| N336UA Trust | Wilmington | | 50,00 | Immaterial interest |
| OB INVEST | ROTSELAAR | BE 880.203.635 | 95,00 | Immaterial interest |
| ORION ASSETS LIMITED | GIBRALTAR | | 100,00 | Immaterial interest |
| Orsettridge Resources Ltd | Douglas | | 74,98 | Immaterial interest |
| PACKING INVEST | BOOM | BE 871.096.028 | 91,11 | Immaterial interest |
| PAR 3 (1) | SENNINGERBERG | | 76,52 | Immaterial interest |
| PARISIENNE D'ACQUISITION FONCIERE | PARIS | | 99,98 | Immaterial interest |
| Proysabe, S.L. | Pontevedra | | 96,15 | Immaterial interest |
| ROTHESAY (1) | LUXEMBOURG | | 99,92 | Immaterial interest |
| SCI NORLUM | LILLE | | 99,98 | Immaterial interest |
| SOCIETE ANONYME DU ROND POINT SCHUMAN | BRUXELLES | BE 429.378.715 | 55,81 | Real estate certificate |
| Sparrowbrook Services Ltd | Douglas | | 74,98 | Immaterial interest |
| SYBETRA S.A. | HERSTAL | BE 400.398.281 | 76,30 | Immaterial interest |
| VELLEMAN INTERNATIONAL | GAVERE | BE 866.481.994 | 69,95 | Immaterial interest |
| VON ESSEN GmbH | ESSEN | | 100,00 | Immaterial interest |
| VON ESSEN KG -HANDELSGESELLSCHAFT- | ESSEN | | 100,00 | Immaterial interest |
| WA PEI NOMINEES LTD | WANCHAI | | 100,00 | Immaterial interest |

**V.A.T. BE 403.199.702**

## List of participating interests valued by equity method

(1) consolidated by Fortis Banque Luxembourg
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Small letters: consolidated by Fortis Bank Nederland

| Name | Head-office | VAT/NN | Holding (%) |
|---|---|---|---|
| ABACUS Wertpapier Handelsgesellschaft mbH | Keulen | | 35,00 |
| Alluvium AG | Zug | | 100,00 |
| ALPHA CARD S.C.R.L. | Watermaal - Bosvoorde | BE 476.677.497 | 50,00 |
| ALSABAIL (1) | STRASBOURG | | 40,65 |
| Amsterdam Depositary Company NV | Amsterdam | | 25,00 |
| Amsterdam Options Traders (Deutschland) GmbH | Keulen | | 49,00 |
| Arrow Capital NV | Willemstad Curacao | | 20,30 |
| B.F.M. High Income Fund NV | Willemstad Curacao | | 46,41 |
| BANK VAN DE POST N.V. | Brussel | BE 456.038.471 | 50,00 |
| BANKING FUNDING COMPANY | BRUSSEL | BE 884.525.182 | 36,45 |
| BBOF I Invest I B.V. | Amsterdam | | 30,00 |
| BBOF I Invest VI B.V. | Amsterdam | | 50,00 |
| BCC CORPORATE | Brussel | BE 883.523.807 | 37,25 |
| Bencis BuyOut Fund 1 B.V. | Amsterdam | | 24,91 |
| BG-Ré S.A. | LUXEMBOURG | | 100,00 |
| BIP INVESTMENTS PARTNERS (1) | LUXEMBOURG | | 26,14 |
| BRAND & LICENCE COMPANY | Brussel | BE 474.073.840 | 20,00 |
| BSL ICS Nominees Ltd | London | | 50,00 |
| C & C Tankers Holding BV | Amsterdam | | 21,74 |
| Caipora International Finance Coöperatieve UA | Amsterdam | | 25,00 |
| CameleOne | Brussel | BE 880.110.395 | 33,33 |
| Cedargrove Ltd | Douglas | | 49,99 |
| CF Leasing Limited | Hamilton | | 50,00 |
| CommonWealth Investment BV | Den Haag | | 50,00 |
| CREDISSIMO | SERAING | BE 403.977.482 | 100,00 |
| CREDIT POUR HABITATIONS SOCIALES | Watermaal - Bosvoorde | BE 402.204.461 | 52,67 |
| Debra International Finance Coôperatieve U.A. | Amsterdam | | 25,00 |
| DEMETRIS | GROOT-BIJGAARDEN | BE 452.211.723 | 100,00 |
| Diana Shipping Inc | Majuro | | 12,60 |
| Dutch Sustainbility Research B.V. | Zeist | | 20,00 |
| Econosu B.V. | Amsterdam | | 13,00 |
| Esofac Insurace Services (E.I.S.) | Luxembourg | | 19,19 |
| EUROPAY BELGIUM | Brussel | BE 434.197.536 | 39,44 |
| European Merchant Services B.V. | Diemen | | 49,00 |
| EURO-SCRIBE SAS (1) | Parijs | | 49,96 |
| FASTNET BELGIUM (1) | BRUSSEL | BE 460.019.728 | 47,76 |
| FASTNET LUXEMBOURG (1) | LUXEMBOURG | | 47,75 |
| FASTNET NETHERLANDS(1) | AMSTERDAM | | 47,80 |
| FINALIA | Brussel | BE 878.920.562 | 49,00 |
| Fortis Agency Limited | Hong Kong | | 50,00 |
| Fortis Asia Limited | Hong Kong | | 50,00 |
| Fortis China Limited | Hong Kong | | 50,00 |
| Fortis Far East Limited | Hong Kong | | 50,00 |
| Fortis Futures Limited | Hong Kong | | 50,00 |
| Fortis Greater China Limited | Hong Kong | | 50,00 |
| Fortis Group Ltd | Hong Kong | | 50,00 |
| FORTIS HAITONG INV. MAN. LTD (2) | Pudong (Shangai) | | 48,99 |
| Fortis Insurance Limited | Hong Kong | | 50,00 |
| Fortis International Limited | Hong Kong | | 50,00 |
| Fortis Limited | Hong Kong | | 50,00 |
| Fortis Management Limited | Hong Kong | | 50,00 |
| FORTIS PRIVATE INVESTMENTS POLSKA | WARSAWA | | 99,19 |
| Fortis Services Limited | Hong Kong | | 50,00 |
| H2 Equity Partners B.V. | Amsterdam | | 19,51 |
| H2 Equity partners Fund II BV | Amsterdam | | 43,22 |
| H2 Lighting BV | Amsterdam | | 29,11 |
| HAITONG-FORTIS PRIVATE EQUITY FUND MANAGEMENT COMPANY LTD | Shanghai | | 32,99 |
| HET WERKMANSHUIS | TONGEREN | BE 400.986.518 | 41,04 |
| Holding Vreedenlust Fund III | Den Haag | | 50,02 |
| Holland Venture BV | Amsterdam | | 33,13 |

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## List of participating interests valued by equity method

| |
|---|
| (1) consolidated by Fortis Banque Luxembourg |
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| Name | Head-office | VAT/NN | Holding (%) |
|---|---|---|---|
| Horwath Intertrust Holdings Limited | Port Louis | | 49,99 |
| Horwath Intertrust Management Consultants (Guangzhou) Ltd | Guangzhou | | 39,99 |
| Horwath IT Ltd | Hong Kong | | 49,99 |
| Hotel Cruiseship Operations 2 BV | Soest | | 80,00 |
| Hui Fu Holding Limited S.A. | Panama City | | 50,00 |
| IMMOLOUNEUVE | BRUSSEL | BE 416.030.426 | 50,03 |
| Infiniti Trust (Hong Kong) Ltd | Hong Kong | | 70,00 |
| International Mezzanine Investment N.V. | Amsterdam | | 13,33 |
| ISABEL | BRUXELLES | BE 455.530.509 | 25,33 |
| K & H Options Ltd | London | | 20,00 |
| L.C.H. Investment NV | Willemstad Curacao | | 18,00 |
| LA MAISON SOCIALE TOURNAI-ATH | TOURNAI | BE 402.495.065 | 99,72 |
| LA PROPRIETE SOCIALE BINCHE | BINCHE | BE 401.198.136 | 20,82 |
| Ligthouse Capital Insurance Company | George Town | | 50,00 |
| Magonin Spring C.V. | Amsterdam | | 49,99 |
| MARIE LEASE SARL (1) | LUXEMBOURG | | 49,96 |
| MeesPierson Accounting Services | Hong Kong | | 50,00 |
| MIJN HUIS & EDOUARD PECHER | ANTWERPEN | BE 404.476.340 | 50,26 |
| N.V. Brabant Participatiemaatschappij | Utrecht | | 30,94 |
| NeSBIC Converging Technologies & e-Commerce (CTe) Fund II B.V. | Utrecht | | 29,69 |
| NeSBIC Converging Technologies Europe (CTE) Fund B.V. | Utrecht | | 31,82 |
| NeSBIC CTE Side Fund BV | Utrecht | | 47,37 |
| NeSBIC Holdings I B.V. | Utrecht | | 80,00 |
| NIB Capital Foreign Debt Fund V | Den Haag | | 75,00 |
| NIEUWE MAATSCHAPPIJ ROND DEN HEERD | KORTRIJK | BE 426.351.028 | 23,26 |
| Nimbus B.V. | Apeldoorn | | 21,00 |
| OTIS VEHICLE RENTALS LIMITED (1) | WEST MIDLANDS | | 39,97 |
| Probus Reads Trust Company Limited | Guernsey | | 49,99 |
| Regional Jet Leasing 3 C.V. | Den Haag | | 23,33 |
| RFH Ltd | Hamilton | | 49,90 |
| Rovast Onroerend Goed advies BV | Amsterdam | | 20,00 |
| Secfinex Ltd | London | | 37,50 |
| Severin & Bruckner & Co AG | Pampow | | 100,00 |
| Softnosu | Amsterdam | | 13,00 |
| SR-Hypotheken | Rotterdam | | 50,00 |
| Start Green Fund B.V. | Utrecht | | 33,33 |
| Start Green Management B.V. | Utrecht | | 33,33 |
| Stellar Maritime S.A. | Majuro | | 30,74 |
| Sumai C.V. | Amsterdam | | 49,99 |
| Tarapaca Investment NV | Willemstad Curacao | | 33,33 |
| Textainer Marine Containers Ltd | Hamilton HMHX | | 49,99 |
| TITRISATION BELGE S.A. - BELGISCHE EFFECTISERINGN.V. | Brussel | BE 457.416.465 | 50,00 |
| Trade Credit Re Insurance Company SA | Woluwe-Saint-Pierre | BE 864.602.471 | 23,79 |
| Trifleet Leasing BV | Dordrecht | | 25,00 |
| Triodos MeesPierson Sustainable Investment Management BV | Zeist | | 50,00 |
| VERSIKO AG (2) | DÜSSELDORF | | 22,39 |
| VISA BELGIUM S.C. | BRUXELLES | BE 435.551.972 | 24,64 |
| VSTEP Holding B.V. | Rotterdam | | 25,00 |

## V.A.T. BE 403.199.702

## List of participating interests not valued by equity method

Capital letters: consolidated by Fortis Bank (Belgium)
Small letters: consolidated by Fortis Bank Nederland

| Name | Head-office | VAT/NN | Holding (%) | Reasons |
|---|---|---|---|---|
| ALGONOMICS | ZWIJNAARDE | BE 466.416.184 | 23,11 | Immaterial interest |
| ALTERNATIVE SYSTEMS en abrégé "ALTSYS" | MALONNE | BE 436.528.704 | 21,44 | In liquidation |
| ANTWERPS INNOVATIE CENTRUM | EDEGEM | BE 472.386.634 | 21,30 | Immaterial interest |
| BAEKELAND-FONDS | GENT | BE 465.509.235 | 33,38 | Immaterial interest |
| BANQUE COMMERCIALE DU CONGO | KINSHASA | | 25,61 | Unjustified delay |
| BANQUE DE CREDIT DE BUJUMBURA | BUJUMBURA | | 48,92 | Unjustified delay |
| BANQUE DE KIGALI | KIGALI | | 49,99 | Unjustified delay |
| BANQUE INTERNATIONALE AFRIQUE AU NIGER | NIAMEY | | 35,00 | Unjustified delay |
| BANQUE INTERNATIONALE POUR CENTRAFRIQUE | BANGUI | | 35,00 | Unjustified delay |
| BEDRIJVENCENTRUM ZAVENTEM | ZAVENTEM | BE 426.496.726 | 24,98 | Immaterial interest |
| Bee-Invest B.V. | Zeist | | 29,80 | Immaterial interest |
| BEXCO | HAMME | BE 412.623.251 | 26,62 | Immaterial interest |
| BRUSSELS I3 FUND | ELSENE | BE 477.925.433 | 36,37 | Immaterial interest |
| CDM | SINT-AMANDS | BE 441.544.790 | 29,97 | Immaterial interest |
| CERTIFICAT ETOILE S.A. | LUXEMBOURG | | 25,00 | Real estate certificate |
| CETREL S.C. | MUNSBACH | | 26,16 | Immaterial interest |
| CONTICLIMA | SINT-KRUIS-WINKEL | BE 457.655.403 | 22,36 | Immaterial interest |
| COOLSTAR | ANDERLECHT | BE 433.254.359 | 32,14 | Immaterial interest |
| CORN. VAN LOOCKE | BRUGGE | BE 405.150.984 | 25,07 | Immaterial interest |
| Cottonhouse Holding B.V. | Weesp | | 49,38 | Immaterial interest |
| DEMETER S.A.S | TORCE | | 29,55 | Immaterial interest |
| Diana Cap Inversion S.a. | Panama | | 27,85 | Immaterial interest |
| DIBAG-DIPROTEG | FUENTEPELAYO | | 34,49 | Immaterial interest |
| Erdingside Services Ltd | Douglas | | 49,99 | Immaterial interest |
| ETNA | AALST-EREMBODEGEM | BE 419.508.766 | 20,97 | Immaterial interest |
| EUROPAY LUXEMBOURG SC | MUNSBACH | | 35,17 | Immaterial interest |
| FLANDERS ENGINEERING | ERPE-MERE | BE 425.252.552 | 39,97 | Immaterial interest |
| GEMMA FRISIUS-FONDS K.U.LEUVEN N.V. | LEUVEN | BE 461.734.351 | 40,00 | Immaterial interest |
| GEMMA FRISIUS-FONDS K.U.LEUVEN II NV | LEUVEN | BE 477.960.372 | 40,00 | Immaterial interest |
| GUDRUN XPERT | BRUSSEL | BE 474.457.880 | 26,00 | Immaterial interest |
| HEMAG (Atlantic) | MOESKROEN | BE 426.085.267 | 25,00 | Immaterial interest |
| IMMO-BEAULIEU | BRUXELLES | BE 450.193.133 | 25,00 | Real estate certificate |
| IMMO ROYAL CONSEIL | LUXEMBOURG | | 49,96 | Immaterial interest |
| IMMO REGENBOOG N.V. | MECHELEN | BE 448.859.481 | 30,01 | Immaterial interest |
| KAASBRIK HOLDING | HALEN | BE 863.954.749 | 35,71 | Immaterial interest |
| MAREDO | FRANKFURT AM MAIN | | 37,17 | Immaterial interest |
| META INTERNATIONAL | HEULE | BE 473.507.280 | 36,61 | Immaterial interest |
| MIDDLE EAST BANK KENYA LTD | NAIROBI | | 25,03 | Unjustified delay |
| NeSBIC Graphic Industrie Holding | Amsterdam | | 23,14 | Immaterial interest |
| NeSBIC Investment Fund II B.V. | Utrecht | | 34,63 | Immaterial interest |
| NeSBIC Investment Fund II Partners B.V. | Utrecht | | 21,27 | Immaterial interest |
| NOVA ELECTRO INTERNATIONAL | TONGEREN | BE 441.210.537 | 26,84 | Immaterial interest |
| RETAIL PARTNERS | UTRECHT | | 49,50 | Immaterial interest |
| Rijnlandse Plastic Groep B.V. | Amsterdam | | 30,00 | Immaterial interest |
| Sandd Beheer B.V. | Zeist | | 22,50 | Immaterial interest |
| SOCIETE FINANCIERE DES SOCIETES DE DEVELOPPEMENT REGIONAL | PARIS | | 21,93 | Immaterial interest |
| SOPHIS SYSTEMS | WEVELGEM | BE 424.871.975 | 27,25 | In liquidation |
| STUDIO 100 | SCHELLE | BE 457.622.640 | 32,56 | Immaterial interest |
| Union Capital BV | Zeist | | 31,58 | Immaterial interest |
| VISALUX | MUNSBACH | | 33,04 | Immaterial interest |
| XENICS | HEVERLEE | BE 473.044.848 | 21,51 | Immaterial interest |

**V.A.T. BE 403.199.702**

## 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

(1) Not consolidated by Fortis Banque Luxembourg
Capital letters = Non-consolidated by FORTIS BANK BELGIUM
Small letters = Non-consolidated by FORTIS BANK NEDERLAND

| Name | Head-office | VAT/NN | Holding (%) | Monetary unit | Shareholders' equity as at 31/12/05 (in thousands) | Net result as at 31/12/05 (in thousands) |
|---|---|---|---|---|---|---|
| AAC Groep B.V. | Valkenswaard | | 14,73 | EUR | | |
| ABX LUXEMBOURGS HOLDINGS 1 S.A. | LUXEMBOURG | | 11,85 | EUR | | |
| BAEKELAND-FONDS II | GENT | BE 876.424.296 | 18,02 | EUR | | |
| BEDRIJVENCENTRUM DENDERMONDE | DENDERMONDE | BE 438.558.081 | 19,61 | EUR | 1.060 | 115 |
| BEDRIJVENCENTRUM REGIO AALST | EREMBODEGEM | BE 428.749.502 | 14,24 | EUR | 684 | 18 |
| BEDRIJVENCENTRUM VILVOORDE N.V. | VILVOORDE | BE 434.222.577 | 11,02 | EUR | 1.041 | (10) |
| BEDRIJVENCENTRUM WAASLAND N.V. | SINT-NIKLAAS | BE 427.264.214 | 16,03 | EUR | 876 | 18 |
| BELNEP RPODUCTION | TOURNAI | BE 437.121.095 | 14,71 | EUR | | |
| BEM-FLEMISH CONSTRUCTION AND INVESTMENT COMPANY | BRUSSEL | BE 461.612.904 | 12,08 | EUR | 4.905 | (34) |
| Bencis Buyout Fund II Investors B.V. | Amsterdam | | 12,23 | EUR | | |
| BERLAYMONT 2000 (En Liquidation) | ETTERBEEK | BE 441.629.617 | 14,85 | EUR | 12.388 | 390 |
| BOURSE DE LUXEMBOURG S.A. | LUXEMBOURG | | 12,38 | EUR | 16.950 | 4.718 |
| BRANTANO S.A./N.V. | AALST-EREMBODEGEM | BE 432.980.383 | 16,55 | EUR | 18.254 | 2.633 |
| CHINA-BELGIUM DIRECT EQUITY INVESTMENT FUND | BEIJING | | 10,00 | | | |
| CREDIT SOCIAL DE LA PROVINCE DU BRABANT WALLON | NIVELLES | BE 400.351.068 | 12,10 | EUR | 3991 | 231 |
| D.M.O. CONSULTING | BARCHON | BE 449.853.732 | 19,00 | EUR | | |
| Diana I FCR | Panama | | 14,25 | EUR | | |
| DOMUS FLANDRIA | ANTWERPEN | BE 436.825.642 | 11,22 | EUR | 26.430 | 2.092 |
| Elbion | LEUVEN | BE 882.064.451 | 19,89 | EUR | | |
| EUFIGEST | LUXEMBOURG | | 19,71 | EUR | | |
| EUROSCREEN | ANDERLECHT | BE 453.325.639 | 13,05 | EUR | 9.281 | 989 |
| GEMIDIS | ZWIJNAARDE | BE 866.667.482 | 12,93 | EUR | 407 | (2.843) |
| GIMV CZECH VENTURES | AMSTERDAM | | 14,63 | EUR | | |
| Groupe Editor S.A. | Aix-en-Provence | | 17,49 | EUR | | |
| H2 Boemer B.V. | Amsterdam | | 13,95 | EUR | | |
| HACO | RUMBEKE | BE 405.568.183 | 13,64 | EUR | 26.437 | 3.760 |
| Helvoet Holding B.V. | Hellevoetsluis | | 14,63 | EUR | | |
| HERACLES | CHARLEROI | BE 427.178.892 | 13,60 | EUR | 464 | 75 |
| Holland Venture Beheer Maatschappij BV I | Amsterdam | | 17,50 | EUR | | |
| Holland Venture Deelnemingen BV | Amsterdam | | 14,11 | EUR | | |
| Holland Venture Environment Holding BV | Amsterdam | | 11,00 | EUR | 615 | 151 |
| HORECA SERVE | ZEDELGEM | BE 432.000.980 | 11,93 | EUR | | |
| I.R.M. | ANS | BE 433.711.447 | 19,72 | EUR | (7.473) | 2 |
| IMMOBILIERE DISTRI-LAND | MOLENBEEK | BE 436.440.909 | 12,48 | EUR | 157 | 10 |
| INNOVATION ET DEVELOPPEMENT EN BRABANT WALLON | TUBIZE | BE 460.658.938 | 16,32 | EUR | 650 | 8 |
| Japan Asian Venture Fund N.V. | Amsterdam | | 15,00 | EUR | | |
| Kas Bank N.V. | Amsterdam | | 11,97 | EUR | | |
| Koninklijke Swets en Zeitlinger Holding N.V. | Lisse | | 11,40 | EUR | | |
| LANDWAARTS SOCIAAL WOONKREDIET | GENK | BE 401.363.828 | 14,49 | EUR | 13.964 | 751 |
| LE CREDIT SOCIAL DE TUBIZE | TUBIZE | BE 400.344.140 | 11,43 | EUR | 300 | (185) |
| LE CREDIT SOCIAL ET LES PETITS PROPRIETAIRES REUNIS | CHATELET | BE 401.609.593 | 12,38 | EUR | 2.154 | 165 |
| LE PETIT PROPRIETAIRE | WOLUWE-SAINT-LAMBERT | BE 403.290.366 | 11,60 | EUR | 754 | 2 |
| LUXAIR (1) | LUXEMBOURG | | 13,49 | EUR | | |
| MARFIL | HULSHOUT | BE 458.805.248 | 16,94 | EUR | | |
| MeesPierson Private Real Estate I S.A. | Luxembourg | | 19,81 | EUR | | |
| METALOGIC | HEVERLEE | BE 444.184.576 | 18,04 | EUR | 19 | -214 |
| MONUMENT GROUP | BERCHEM | BE 439.707.334 | 12,89 | EUR | 7.645 | 284 |
| Mtel B.V. | Amsterdam | | 11,99 | EUR | | |
| NeSBIC Cte Fund II Partners B.V. | Utrecht | | 10,00 | EUR | | |
| NeSBIC Investment Fund II Invest I B.V. | Utrecht | | 13,33 | EUR | | |
| Nimbus Investments III BV (Nimpn) | Zeist | | 18,32 | EUR | | |
| OLEON HOLDING NV | ERTVELDE | BE 473.266.166 | 12,36 | EUR | 40.721 | 145 |
| PARK DE HAAN N.V. | BRUSSEL | BE 438.533.436 | 15,00 | EUR | 68 | 73 |
| PAUL WURTH | LUXEMBOURG | | 11,03 | EUR | 22.561 | 5.379 |
| PHARMADM | SCHERPENHEUVEL | BE 473.394.147 | 18,59 | EUR | (230) | 10 |
| SALYP | IEPER | BE 468.785.459 | 15,35 | EUR | | |
| SINT-JOZEFSKREDIETMAATSCHAPPIJ | BERINGEN | BE 401.349.970 | 11,93 | EUR | 19.572 | 560 |

**V.A.T. BE 403.199.702**

## 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

(1) Not consolidated by Fortis Banque Luxembourg
Capital letters = Non-consolidated by FORTIS BANK BELGIUM
Small letters = Non-consolidated by FORTIS BANK NEDERLAND

| Name | Head-office | VAT/NN | Holding (%) | Monetary unit | Shareholders' equity as at 31/12/05 (in thousands) | Net result as at 31/12/05 (in thousands) |
|---|---|---|---|---|---|---|
| Sito Financial Services B.V. | Zeist | | 14,41 | EUR | | |
| S.B.I - B.M.I. | BRUXELLES | BE 411.892.088 | 19,52 | EUR | 32.084 | -45 |
| SOAGA | COTONOU | | 13,00 | XOF | | |
| START-IT | ANGLEUR | BE 466.790.625 | 16,67 | EUR | 4.241 | (458) |
| SYCOMORE ASSET MANAGEMENT | PARIS | | 16,66 | EUR | 2.717 | 800 |
| TIGENIX | LEUVEN | BE 471.340.123 | 14,23 | EUR | 15.618 | (4.613) |
| T-INDUSTRIE | TIELT-WINGE | BE 460.435.244 | 15,80 | EUR | 1.834 | (298) |
| TOUS PROPRIETAIRES S.A. | ERQUELINNES | BE 401.731.339 | 16,82 | EUR | 4.639 | 322 |
| TRIODOS VENTURE CAP. FUND | ZEIST | | 11,29 | EUR | | |
| Tyrus Capital Group B.V. | Oirschot | | 18,07 | EUR | | |
| ULTRAGENDA | LOCHRISTI | BE 458.951.936 | 15,01 | EUR | 2.551 | 845 |
| VANERUM GROUP SERVICES | DIEST | BE 430.486.889 | 17,66 | EUR | 5.352 | 869 |
| VIVABOXES INTERNATIONAL | DIEGEM | BE 479.341.138 | 14,48 | EUR | 448 | (397) |
| VIVES N.V. | OTTIGNIES | BE 862.398.591 | 13,63 | EUR | 2.439 | (533) |

# Report of the accredited statutory auditors

# FORTIS BANK N.V.

## Report of the Joint Statutory Auditors on the consolidated financial statements for the year ended 31 December 2006 submitted to the General Shareholders' Meeting of the N.V. Fortis Bank

23 March 2007

**JOINT STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING ON THE CONSOLIDATED ACCOUNTS OF THE COMPANY FORTIS BANK N.V. AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2006**

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As required by law and the company's articles of association, we report to you in the context of our appointment as statutory auditors. This report includes our opinion on the consolidated accounts and the required additional disclosure.

### Unqualified opinion on the consolidated accounts

We have audited the consolidated accounts of Fortis Bank N.V. (the "Company") and its subsidiaries (jointly the "Group") as of and for the year ended 31 December 2006, prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated accounts comprise the consolidated balance sheet as of 31 December 2006 and the consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The total of the consolidated balance sheet amounts to EUR (000.000) 674.691 and the consolidated statement of income shows a profit for the year (group share) of EUR (000.000) 4.732.

The company's board of directors is responsible for the preparation of the consolidated accounts. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated accounts 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 consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing, 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 accounts 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 accounts. The selection of these procedures is a matter for our judgment, as is the assessment of the risk that the consolidated accounts 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 accounts, 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 Company, as well as the presentation of the consolidated accounts 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 consolidated accounts of give a true and fair view of the Group's net worth and financial position as of 31 December 2006 and of its results and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

## Additional remark

The company's board of directors is responsible for the preparation and content of the management report on the consolidated accounts

Our responsibility is to include in our report the following additional remark, which does not have any effect on our opinion on the consolidated accounts:

- The management report on the consolidated accounts deals with the information required by the law and is consistent with the consolidated accounts. 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 information provided is not in obvious contradiction with the information we have acquired in the context of our appointment.

Brussels, 23 March 2007

| | |
|---|---|
| SCCRL - BCVBA<br>Klynveld Peat Marwick Goerdeler<br>Bedrijfsrevisoren/Reviseurs d'Entreprises | SCCRL - BCVBA<br>PricewaterhouseCoopers<br>Bedrijfsrevisoren/Reviseurs d'Entreprises |
| Statutory Auditor<br>Represented by | Statutory Auditor<br>Represented by |
| O. Macq<br>Partner | L. Discry<br>Partner |

# Non consolidated Financial Statements of Fortis Bank

# 1 Notes to the unconsolidated balance sheet and income statement

## 1 Balance sheet

Total **balance sheet** at December 31, 2006 amounts to EUR 452 billion, an increase of EUR 25 billion or 6% compared with last financial year.

At assets side, **government securities eligible for refinancing at the central bank** increased (EUR 2 billion).

The **amounts receivable from credit institutions** increase with EUR 2 billion or 1 %. Ending 2006, the relative weight of inter-banking receivables represented 28% of total assets.
The reverse repurchase agreements showed the biggest evolution. Matured contracts have not been renewed for liquidity. This decrease must be seen together with the evolution of the repurchase agreements at liabilities side. On the other hand, loans at more than 1 year increased significantly. We also note the transfer loans to the new subsidiary Fortis Finance Belgium for EUR 6 billion.

The **amounts receivable from customers** increased with EUR 4 billion or 3 %. They represent 29 % of total assets. Also here we notice a decrease of the reverse repurchase agreements. This decrease must be seen together with the evolution of repurchase agreements at liabilities side. We notice a partial shift of volumes from reverse repurchase agreements to short and medium term products, especially term loans and roll-overs, but also to mortgage loans that still benefit from favorable real estate market conditions. Also here we observe a transfer of files to Fortis Finance Belgium for an amount of EUR 3 billion. A loan of EUR 3 billion was granted to this new subsidiary for own liquidity needs.

The **bonds and other fixed-income securities** portfolio grew with EUR 5 billion or 5 % and represent 25 % of total assets.
The investment portfolio increased with EUR 3 billion and reflects the strategy of the Bank, taking into account the evolution of interest rates. The trading portfolio grew with EUR 2 billion to EUR 24 billion.

The increase of **corporate shares and other variable-income securities** with EUR 1 billion or 16 % is situated at the level of the trading portfolio and reflects the needs of market activities of the Bank.

The **financial fixed assets** increase with EUR 8 billion or 52 %. This evolution can be explained by the creation of Fortis Finance Belgium (EUR 8,5 billion) through the transfer of receivables (cfr supra) and the sale of FB Verzekeringen (EUR 1,2 billion) to Fortis Insurance. Besides this, the London branch increased its participation in Camomile (EUR 1 billion).

The increase of the **suspense accounts** with EUR 2 billion or 6 % results from the increased interest accruals on derivatives (off balance sheet), as a consequence of the increased interest rates.

At liabilities side, **amounts payable to credit institutions** with EUR 15 billion or 9 %. Ending 2006, the relative weight of inter-banking payables represented 39 % of total liabilities.
As at the assets side, repurchase agreements decreased duet o the fact that matured contracts have not been renewed. In order to meet the growing liquidity needs for the own activities of the Bank and activities centralized in Belgium of other group members, day to day loans increased significantly.

The **amounts payable to clients** decreased with EUR 1 billion or 1 % and represent 37 % of total liabilities. As at the assets side we observe a decrease of repurchase agreements due to a shift of these activities towards savings and term deposits.

The amounts payable represented by a security increased with EUR 2 billion or 7 %. The savings certificates continue to decrease (EUR 1 billion). On the other hand, the bond loans portfolio increased with EUR 2 billion. De certificates of deposits showed an increase of EUR 1 billion, especially in the New York branch.

The **other amounts payable** increased with EUR 2 billion, mainly due to premiums to receive on derivatives (EUR 1 billion).

Like on the assets side, the rising interest rates generated increased **suspense accounts** with EUR 3 billion or 8 % as a consequence of increased interest accruals on derivatives (off balance sheet).

The **fund for general banking risks** remained stable, with the exception of a slight decrease in the Hong Kong branch, due to exchange rate differences.

The increase of the **subordinated amounts payable** with EUR 2 billion or 16 % fit in the needs with regard to own funds.

**Equity** after appropriation increased with EUR 2 billion.

## 2 Income statement.

**Profit of the year**, before transfer from untaxed reserves, is EUR 3.582 million, an increase of EUR 2.818 million compared with last year.

The **interest margin** (sections I+II) amounts to EUR 1.754 million, a decrease with EUR 268 million or 13 % compared with 2005.
A part of the receivables from group entities have been transferred to Fortis Finance Belgium in March 2006. As a consequence, Fortis Bank Belgium lacked EUR 242 million in the interest margin. To be noticed that this impact is neutralized at consolidated level.
The volumes of short term deposits increased due to the need of liquidity for the Bank's own purposes and the need of liquidity for activities centralized in Belgium for other Group entities. Therefore the rising short term interest rates negatively impacted the interest margin  The increased bond loans portfolio, which reflects the bank's strategy, generated more revenues.
The increased interest rates gave rise to less prepayment fees received on mortgage loans and investment loans.

The **income from variable-income securities** rose to EUR 1.484 million.
The increase of the dividends on shares (EUR 44 million) is coming from an increased activity.
Participating interests in affiliated enterprises increased to EUR 1.424 million, in particular dividends from Fortis Bank Luxemburg and Fortis Bank Nederland (respectively EUR 650 million en EUR 770 million in 2006, against nil in 2005). Nevertheless these revenues are consolidated at Group level.
The other financial fixed assets increased with EUR 11 million and result from income from non consolidated participating interests.

The **commissions received** increased with EUR 175 million or 17 %.
The commissions for the issuing and placement of securities, on stock orders and on the management of investment funds increased (EUR 58 million), thanks to favorable stock market conditions.
The commissions received on guarantees and credit commitments increased (EUR 32 million, as a result of more transactions) and on payment services (EUR 13 million, mainly coming from more activity in accounts). We also note EUR 85 million additional commissions received from Fortis Insurance regarding the profit sharing on insurance activities (no impact at consolidate level).

The **commissions paid** show some parallelism with the commissions received and increased with EUR 22 million or 8 %. The biggest contributors are payment services (EUR 9 million) and securities transactions (EUR 5 million). The commissions paid to independents show a similar rising trend (EUR 9 million).

The **profit from financial operations** grew with EUR 433 million.
The result from exchange transactions and trading in securities and other financial instruments is positive in 2006 (EUR 175 million), whilst negative in 2005 (EUR 116 million). The good performance realized in 2006 are linked with the interest rates (the positive result on derivatives is bigger than the negative result on fixed-income securities in a period where the short term interest rate rose more than the long term interest rate and where markets became more volatile). The exchange activity (especially EUR/USD) and securities transactions (favorable market conditions) also contributed to this good result.
The profit from the disposal of investment securities increased to EUR 165 million, an increase of EUR 143 million against 2005.

The **general administrative expenses** increased with EUR 317 million or 14 %.
The remuneration, social charges and pensions grew with EUR 164 million or 10 %.
The staff expenses, excl. foreign branches, increased with EUR 76 million or 5 %.
Despite the fact that the number of staff remains stable, remunerations increased due to the indexation, wage scale fluctuations, promotions and variable remunerations.
The staff expenses grew also in the foreign branches (EUR 88 million or 54 %), due to increased activity and the opening of 3 new branches.
The other administrative expenses increased with EUR 153 million or 22 %, mainly due to higher consultancy and technology costs but also due to higher general expenses in the foreign branches.
We also note that more expenses are re-invoiced to subsidiaries of the Group (cfr infra).

The increase of EUR 11 million or 8 % in **depreciation of and amounts written off on formation expenses, intangible and tangible fixed** is due to the write off on IT equipment.

The **value adjustments on receivables** decreased with EUR 9 million or 9 %.
The credit risks diminished with EUR 49 million thanks to less dotations, whilst country risk increased with EUR 40 million.

The **value adjustments on investment portfolio** increased with EUR 3 million, especially on variable-income securities.

The **(uses and write-backs of) provisions for other risks and charges** (sections XI en XII) had, such as in 2005, no influence on the result of 2006. Dotations were compensated by uses and write-backs of provisions.

The **other operating income** remained stable.
On the one hand we observe a significant increase of re-invoicing of costs to other group entities (cfr supra) in 2006 compared with 2005. On the other hand we had an exceptional income from the repayment of protection of deposits in 2005 (EUR 48 million).

The **other operating charges** increased with EUR 50 million or 34 % and come from non-recoverable VAT. This increase is a result of the increase of costs (EUR 18 million - cfr supra) and a loss of EUR 21 million on a subordinated loan granted by the Koln branch to its Von Essen subsidiary (eliminated at group level).

The **extraordinary income** increased with EUR 1.428 million. In 2006 there was a release of provision for early departures (EUR 9 million) and a capital gain on the realization of participations (EUR 1.963 million, for the biggest part eliminated at consolidated level, of which EUR 1.483 million for FB Assurances and EUR 285 million for Fortis Insurance).

The **extraordinary charges** decreased with EUR 48 million. In 2006 we observed provisions for early departures (EUR 43 million against EUR 77 million in 2005), capital losses on the realization of participations (EUR 15 million, for the biggest part eliminated at consolidated level) and the realized loss on the transfer of receivables to Fortis Finance Belgium (EUR 34 million, eliminated in the consolidated accounts).

The **income taxes** of the financial year, incl. deferred taxes, amounted up to EUR 109 million (sections XIXbis en XX), an increase of EUR 90 million compared with last year. The level of taxation results from the result before taxation. It is also influenced by the specific fiscal treatment of the results on participations and shares, as well as the regulation of previous years. Besides this, some foreign branches have a specific tax regime.

The 19 **foreign branches** situated in Athens, Budapest, Cologne, Copenhagen, Guangzhou, Hong Kong, Lisbon, London, Madrid, Milan, New York, Paris, Prague, Shanghai, Singapore, Stockholm, Taipei, Vienna and Zurich made a total net profit of EUR 131 million in 2006, against EUR 49 million in 2005.

Taking into account the transfer from untaxed reserves, the **profit of the year available for appropriation** was EUR 3.593 million against EUR 786 million last year, an increase of EUR 2.807 million.

# 2 Proposed profit appropriation for the period

| | | | |
|---|---|---|---|
| profit for the period available for appropriation | EUR | 3.593,4 | million |
| profit brought forward | EUR | 881,9 | million |
| Profit for appropriation | EUR | 4.475,3 | million |
| profit carried forward | EUR | 3.095,5 | million |
| dividends | EUR | 1.379,5 | million |
| director's fees | EUR | 0,3 | million |
| | EUR | 4.475,3 | million |

In accordance with the aforementioned profit appropriation for the financial year 2006, the Board of Directors of Fortis Bank will request the approval of the General Meeting of Shareholders for the distribution of a gross dividend of EUR 8.60 per share (2005: EUR 2.20). This corresponds to a net dividend of EUR 6.45 (2005: EUR 1.65). For shares with VVPR-strips the net
dividend amounts to EUR 7.31 (2004: EUR 1.87).
These amounts contain the interim dividend paid out on 17 August 2006 on the basis of the results realized for the period ended 30 June 2006. The gross interim dividend amounted to EUR 7.20 per share, net EUR 5.40. For shares with VVPR-strip, net dividend was EUR 6.12.

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 tranch of EUR 200 million was redeemed during 2004. 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;
- 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 5b to the articles of association. The authorized 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 5b 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:iif 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;

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 authorized 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 5c was added, which defines in detail the circumstances under which profit-sharing instruments will be issued, then characteristics, the associated dividend restrictions and various other provisions.

# 3 Distribution of an interim dividend: report of the accredited statutory auditors

**Report of the Joint Auditors relating to the limited review of the statement of assets and liabilities as of June 30, 2006 in respect of the proposed distribution of an interim dividend by FORTIS BANK N.V.**

## 1 Engagement

In respect of the proposed distribution of an interim dividend, we have been requested by the Board of Directors of FORTIS BANK N.V. (hereafter “the Bank”), in accordance with Article 618 of the Belgian Company Law, to report upon the statement of assets and liabilities as of June 30, 2006.

## 2 Findings

As shown in the statement of assets and liabilities as of June 30, 2006, the Bank realized a net profit of EUR 2.455.837 (000) for the period of January 1, 2006 to June 30, 2006. This amount increased with the retained earnings as of December 31, 2005 and taking into consideration the additions to be made to the legal and statutory reserves, EUR 3.337.772 (000) is available for distribution.

On the basis of our limited review, we have noted that:
- The distribution of an interim dividend by the Board of Directors is allowed by the statutes;
- The decision to distribute an interim dividend will be taken after the first six months of the accounting year ending December 31, 2006 and after approval of the annual accounts for the year ended December 31, 2005;
- At the date of the decision to distribute an interim dividend, the statement of assets and liabilities will be not older than the maximum term of two months assuming the decision will be taken at August 31, 2006 at the latest;
- Without prejudice to certain formal aspects of minor importance, the accounting law has been complied with. The Bank's valuation rules have been consistently applied;
- On the basis of the available information at the date of this report, the management is of the opinion that the expected profit for the year ending as of December 31, 2006 will be not less than the profit as of June 30, 2006; and
- The Bank has consulted the Banking, Finance and Insurance Commission in order to demonstrate that there are sufficient reserves available and that the solvency margin, based on the own funds "sensu stricto", exceeds the minimum of 5%. This consultation is performed within the context of the issuance in 1999, by Fortis Capital Company Limited (subsidiary of Fortis Bank Netherlands), of non-cumulative preference shares guaranteed by the Bank.

## 3 Conclusion

We declare that we have performed a limited review of the statement of the assets and liabilities of FORTIS BANK N.V. as of June 30, 2006, with total assets of EUR 441.738.827 (000) and a profit for the period of EUR 2.455.837 (000).
Our review has been performed in the context of the Board’s proposed distribution of an interim dividend. Our review procedures consisted of analysis, comparison and discussion of the financial information in accordance with the recommendation of the ‘Institut des Reviseurs d'Entreprises - Instituut der Bedrijfsrevisoren’ in the framework of a limited review. As a result, these review procedures do not constitute a full scope audit which is performed when we certify the Bank's annual accounts.

Our review procedures did not reveal any information, which would result in significant adjustments to be made to the statement of assets and liabilities as of June 30, 2006.

Brussels, August 4, 2006

B.C.V.B.A Klynveld Peat Marwick Goerdeler
Bedrijfsrevisoren / Reviseurs d'Entreprises
Statutory Auditor
represented by

O. Macq
Partner

B.C.V.B.A. PricewaterhouseCoopers
Bedrijfsrevisoren / Reviseurs d'Entreprises
Statutory Auditor
represented by

L. Discry
Partner

# 4 Auditors: special assignments

The joint accredited Auditors and the companies with which they have a professional relationship undertook a number of additional assignments in 2006. These mainly involved audit assignments at branches level, the performance of limited reviews, the audit of IFRS consolidation documents for Fortis consolidation purposes, assistance in relation to the acquisition of new participating interests and various technical consulting assignments.

The joint Auditors’ fees for these assignments totalled EUR 2,080,381 in 2006, of which EUR 586,399 concerning tax advice.

# 5 Article 523 of company law

The Directors declare that no decision has been taken and no transaction decided that would fall within the scope of Article 523 of Company Law.

# 6 Unconsolidated balance sheet and income statement

| 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 | **322.535** | **327.403** |
| **II.** | **Government securities eligible for refinancing at the central bank** | 102.000 | **2.176.160** | **343.279** |
| **III.** | **Amounts receivable from credit institutions** | 103.000 | **127.280.410** | **125.420.576** |
| | A. At sight | 103.100 | 6.622.860 | 5.172.942 |
| | B. Other amounts receivable (at fixed term or period of notice) | 103.200 | 120.657.550 | 120.247.634 |
| **IV.** | **Amounts receivable from customers** | 104.000 | **130.221.592** | **126.143.883** |
| **V.** | **Bonds and other fixed-income securities** | 105.000 | **113.251.401** | **108.207.433** |
| | A. Of public issuers | 105.100 | 70.220.162 | 71.261.707 |
| | B. Of other issuers | 105.200 | 43.031.239 | 36.945.726 |
| **VI.** | **Corporate shares and other variable-income securities** | 106.000 | **8.128.419** | **6.993.182** |
| **VII.** | **Financial fixed assets** | 107.000 | **22.826.999** | **15.066.207** |
| | A. Participating interests in affiliated enterprises | 107.100 | 21.931.028 | 12.826.640 |
| | B. Participating interests in other enterprises linked by participating interests | 107.200 | 167.674 | 849.346 |
| | C. Other company shares constituting financial fixed assets | 107.300 | 695.622 | 673.289 |
| | D. Subordinated claims on affiliated enterprises and on other enterprises linked by participating interests | 107.400 | 32.675 | 716.932 |
| **VIII.** | **Formation expenses and intangible fixed assets** | 108.000 | **44.165** | **25.329** |
| **IX.** | **Tangible fixed assets** | 109.000 | **888.658** | **866.642** |
| **X.** | **Own shares** | 110.000 | **0** | **0** |
| **XI.** | **Other assets** | 111.000 | **8.371.815** | **7.808.472** |
| **XII.** | **Deferred charges and accrued income** | 112.000 | **38.320.279** | **35.990.085** |
| | **TOTAL ASSETS** | 199.000 | **451.832.433** | **427.192.491** |

| V.A.T. | BE 403.199.702 | | | 3. |
|---|---|---|---|---|
| | | | Financial year | Previous financial year |
| | | | (in thousands EUR) | |
| | | Codes | 05 | 10 |
| | **LIABILITIES** | | | |
| **I.** | **Amounts payable to credit institutions** | 201.000 | **178.166.925** | **163.298.225** |
| | A. At sight | 201.100 | 24.361.449 | 15.472.741 |
| | 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 | 153.805.476 | 147.825.484 |
| **II.** | **Amounts payable to clients** | 202.000 | **167.361.160** | **168.417.763** |
| | A. Savings deposits | 202.100 | 44.832.377 | 45.170.712 |
| | B. Other amounts payable | 202.200 | 122.528.783 | 123.247.051 |
| | *1. at sight* | *202.201* | *34.563.866* | *32.365.159* |
| | *2. at fixed term or period of notice* | *202.202* | *87.964.917* | *90.881.892* |
| | *3. resulting from refinancing by rediscounting of trade bills* | *202.203* | *0* | *0* |
| **III.** | **Amounts payable represented by a security** | 203.000 | **31.743.449** | **29.557.022** |
| | A. Bills and bonds in circulation | 203.100 | 10.774.823 | 9.468.932 |
| | B. Other | 203.200 | 20.968.626 | 20.088.090 |
| **IV.** | **Other amounts payable** | 204.000 | **12.212.008** | **9.989.241** |
| **V.** | **Accrued charges and deferred income** | 205.000 | **37.402.991** | **34.725.635** |
| **VI.** | **A. Provisions for risks and charges** | 206.100 | **396.954** | **453.524** |
| | *1. Pensions and similar obligations* | *206.101* | *1.075* | *1.017* |
| | *2. Fiscal charges* | *206.102* | *12.880* | *5.340* |
| | *3. Other risks and charges* | *206.103* | *382.999* | *447.167* |
| | **B. Deferred taxes** | 206.200 | **3.631** | **9.309** |
| **VII.** | **Fund for general banking risks** | 207.000 | **872.126** | **872.177** |
| **VIII.** | **Subordinated amounts payable** | 208.000 | **11.718.034** | **10.117.079** |
| | **SHAREHOLDERS' EQUITY** | 290.000 | **11.955.155** | **9.752.516** |
| **IX.** | **Capital** | 209.000 | **3.111.839** | **3.111.839** |
| | A. Subscribed capital | 209.100 | 3.111.839 | 3.111.839 |
| | B. Uncalled capital (-) | 209.200 | 0 | 0 |
| **X.** | **Share premiums** | 210.000 | **4.889.469** | **4.889.469** |
| **XI.** | **Revaluation surpluses** | 211.000 | **0** | **0** |
| **XII.** | **Reserves** | 212.000 | **858.369** | **869.273** |
| | 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 | *158.635* | 170.015 |
| | D. Available reserves | 212.400 | *351.563* | 351.087 |
| **XIII.** | **Profit brought forward (loss brought forward(-))** | 213.000 | **3.095.478** | **881.935** |
| | **TOTAL LIABILITIES** | 299.000 | **451.832.433** | **427.192.491** |

| V.A.T. | BE 403.199.702 | | | 4. |
|---|---|---|---|---|
| | | | Financial year | Previous financial year |
| | | | (in thousands EUR) | |
| | | Codes | 05 | 10 |
| | **OFF-BALANCE SHEET ITEMS** | | | |
| **I.** | **Contingent liabilities** | 301.000 | **56.007.917** | **50.288.023** |
| | A. Unnegotiated acceptances | 301.100 | 212.339 | 651.052 |
| | B. Guarantees in the nature of credit subsitutes | 301.200 | 3.632.637 | 3.597.631 |
| | C. Other guarantees | 301.300 | 46.643.673 | 42.144.278 |
| | D. Documentary credits | 301.400 | 5.519.122 | 3.894.899 |
| | E. Assets pledged by secured guarantees on behalf of third parties | 301.500 | 146 | 163 |
| **II.** | **Commitments which may give rise to a credit risk** | 302.000 | **103.528.454** | **83.135.340** |
| | A. Firm commitments to make funds available | 302.100 | 8.288.238 | 5.558.717 |
| | B. Commitments in respect of spot purchases of transferable securities or other assets | 302.200 | 1.256.556 | 2.116.909 |
| | C. Available margin under confirmed credit lines | 302.300 | 83.304.859 | 72.294.618 |
| | D. Commitments to underwrite and place securities | 302.400 | 288 | 105.658 |
| | E. Repurchase commitments resulting from imperfect repurchase agreements | 302.500 | 10.678.513 | 3.059.438 |
| **III.** | **Assets entrusted to the credit institution** | 303.000 | **126.383.635** | **109.047.552** |
| | A. Held on an organized trusteeship basis | 303.100 | 0 | 0 |
| | B. Safe custody deposits and similar arrangements | 303.200 | 126.383.635 | 109.047.552 |
| **IV.** | **Amounts to be paid up on corporate shares** | 304.000 | **607.887** | **373.059** |

| V.A.T. | BE 403.199.702 | | | 5. |
|---|---|---|---|---|
| | | | Financial year | Previous financial year |
| | | | (in thousands EUR) | |
| | | Codes | 05 | 10 |
| | **2. INCOME STATEMENT** | | | |
| | (vertical presentation) | | | |
| **I.** | **Interest and similar income** | 401.000 | **14.405.613** | **12.016.349** |
| | of which : from fixed-income securities | 401.001 | 4.441.189 | 3.728.801 |
| **II.** | **Interest and similar charges (-)** | 502.000 | **(12.651.536)** | **(9.993.795)** |
| **III.** | **Income from variable-income securities** | 403.000 | **1.729.091** | **245.335** |
| | A. Corporate shares and units and other variable-income securities | 403.100 | 79.592 | 35.734 |
| | B. Participating interests in affiliated enterprises | 403.200 | 1.554.079 | 130.301 |
| | C. Participating interests in other enterprises linked by participating interests | 403.300 | 65.559 | 60.504 |
| | D. Other corporate shares and units constituting financial fixed assets | 403.400 | 29.861 | 18.796 |
| **IV.** | **Commission received** | 404.000 | **1.194.143** | **1.019.348** |
| **V.** | **Commission paid (-)** | 505.000 | **(306.464)** | **(284.717)** |
| **VI.** | **Profit from (loss on(-)) financial operations** | 506.000 | **339.309** | **(93.759)** |
| | A. Exchange transactions and trading in securities and other financial instruments | 506.100 | 174.783 | (115.693) |
| | B. Disposal of investment securities | 506.200 | 164.526 | 21.934 |
| **VII.** | **General administrative expenses (-)** | 507.000 | **(2.656.292)** | **(2.339.159)** |
| | A. Remuneration, social charges and pensions | 507.100 | (1.803.010) | (1.638.813) |
| | B. Other administrative expenses | 507.200 | (853.282) | (700.346) |
| **VIII.** | **Depreciation of and amounts written off (-)on formation expenses, intangible and targible fixed assests** | 508.000 | **(149.376)** | **(138.347)** |
| **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 | **(95.184)** | **(104.336)** |
| **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 | **(9.189)** | **(5.704)** |
| **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 | **25.301** | **48.533** |
| **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 | **(23.939)** | **(48.639)** |
| **XIII.** | **Transfers from (Appropriation to(-)) the fund for general banking risks** | 513.000 | **0** | **0** |
| **XIV.** | **Other operating income** | 414.000 | **193.392** | **192.769** |
| **XV.** | **Other operating charges (-)** | 515.000 | **(193.678)** | **(144.099)** |
| **XVI.** | **Current profit (Current loss(-)) before taxes** | 416.000 | **1.801.191** | **369.779** |

| V.A.T. | BE 403.199.702 | | | 6. |
|---|---|---|---|---|

| | | Codes | Financial year (in thousands EUR) 05 | Previous financial year (in thousands EUR) 10 |
|---|---|---|---|---|
| | **2. INCOME STATEMENT** (vertical presentation) | | | |
| **XVII.** | **Extraordinary income** | 417.000 | **1.995.279** | **567.241** |
| | 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 | 0 | 6.041 |
| | C. Write-back of provisions for exceptional risks and charges | 417.300 | 9.622 | 0 |
| | D. Capital gains on disposal of fixed assets | 417.400 | 1.981.150 | 556.547 |
| | E. Other extraordinary income | 417.500 | 4.507 | 4.653 |
| **XVIII.** | **Extraordinary charges (-)** | 518.000 | **(104.921)** | **(153.106)** |
| | A. Extraordinary depreciation on and amounts written off on formation expenses, intangible and tangible fixed assets | 518.100 | 0 | 0 |
| | B. Amounts written off on financial fixed assets | 518.200 | (1.492) | (17.406) |
| | C. Provisions for extraordinary risks and charges | 518.300 | (43.376) | (77.485) |
| | D. Capital losses on disposal of fixed assets | 518.400 | (14.684) | (35.542) |
| | E. Other extraordinary charges | 518.500 | (45.369) | (22.673) |
| **XIX.** | **Profit (Loss(-)) for the year before taxes** | 419.000 | **3.691.549** | **783.914** |
| **XIXbis.** | **A. Transfers to deferred taxes (-)** | 519.100 | **0** | **0** |
| | **B. Transfers from deferred taxes** | 419.200 | **5.678** | **7.962** |
| **XX.** | **Income taxes** | 520.000 | **(114.788)** | **(27.466)** |
| | A. Taxes (-) | 520.100 | (149.148) | (57.181) |
| | B. Adjustment of income taxes and write-back of tax provisions | 420.200 | 34.360 | 29.715 |
| **XXI.** | **Profit (Loss(-)) for the year** | 421.000 | **3.582.439** | **764.410** |
| **XXII.** | **Transfers to untaxed reserves (-)** | 522.000 | **0** | **0** |
| | **Transfers from untaxed reserves** | 422.000 | **10.904** | **21.894** |
| **XXIII.** | **Profit (Loss(-)) for the year available for appropriation** | 423.000 | **3.593.343** | **786.304** |

| V.A.T. | BE 403.199.702 | | | 7. |
|---|---|---|---|---|
| | | | Financial year | Previous financial year |
| | | | (in thousands EUR) | |
| | | Codes | 05 | 10 |
| | **APPROPRIATION ACCOUNT** | | | |
| **A.** | **Profit (Loss(-)) to be appropriated** | 600.100 | **4.475.278** | **1.235.084** |
| | 1. Profit (Loss(-)) for the financial year available for appropriation | 600.101 | 3.593.343 | 786.304 |
| | 2. Profit (Loss(-)) brought forward from the previous financial year | 600.102 | 881.935 | 448.780 |
| **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 | **(3.095.478)** | **(881.935)** |
| | 1. Profit to be carried forward (-) | 600.401 | 3.095.478 | 881.935 |
| | 2. Loss to be carried forward | 600.402 | 0 | 0 |
| **E.** | **Shareholders' contribution in respect of losses** | 600.500 | **0** | **0** |
| **F.** | **Distribution of profit (-)** | 600.600 | **(1.379.800)** | **(353.149)** |
| | 1. Dividends (a) | 600.601 | 1.379.475 | 352.889 |
| | 2. Directors (a) | 600.602 | 325 | 260 |
| | 3. Other allocations (a) | 600.603 | 0 | 0 |

(a) Only in limited liability companies governed by Belgian law

| V.A.T. | BE 403.199.702 | | 8. |
|---|---|---|---|

### 3. ANNEXE

**I. STATEMENT OF AMOUNTS RECEIVABLE FROM CREDIT INSTITUTIONS**

(heading III of the Assets)

(in thousands EUR)

| Codes | 05 | 10 |
|---|---|---|

A. For the heading as a whole :

| | | Codes | Financial year | Previous financial year |
|---|---|---|---|---|
| 1. | • amounts receivable from affiliated enterprises | 010 | 50.614.782 | 54.397.127 |
| | • amounts receivable from other enterprises linked by participating interests | 020 | 22 | 51 |
| 2. | • 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 | 1.186.880 | 55.186 |

2. Breakdown of these amounts receivable by residual period to maturity :

| | Codes | Financial year |
|---|---|---|
| • up to three months | 050 | 62.022.839 |
| • over three months and up to one year | 060 | 37.256.642 |
| • over one year and up to five years | 070 | 1.189.578 |
| • over five years | 080 | 2.844.753 |
| • indeterminate period | 090 | 17.343.738 |

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|---|---|---|

**II. STATEMENT OF AMOUNTS RECEIVABLE FROM CUSTOMERS**

(heading IV of the assets)

(in thousands EUR)

| Codes | 05 | 10 |
|---|---|---|

1. Amounts receivable

| | Codes | Financial year | Previous financial year |
|---|---|---|---|
| • from affiliated enterprises | 010 | 11.108.731 | 14.526.668 |
| • from other enterprises linked by participating interests | 020 | 77.806 | 410.417 |

| | Codes | Financial year | Previous financial year |
|---|---|---|---|
| 2. Subordinated amounts receivable | 030 | 54 .806 | 741.901 |

| | Codes | 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 | 852.198 | 1.240.084 |

4. Breakdown of amounts receivable by residual period to maturity :

| | Codes | Financial year |
|---|---|---|
| • up to three months | 050 | 43.444.155 |
| • over three months and up to one year | 060 | 15.893.376 |
| • over one year and up to five years | 070 | 14.977.892 |
| • over five years | 080 | 45.294.007 |
| • indeterminate period | 090 | 10.612.162 |

5. Breakdown of amounts receivable by nature :

| | Codes | Financial year |
|---|---|---|
| • trade bills (including own acceptances) | 100 | 843.228 |
| • amounts resulting from hire-purchase and similar claims | 110 | 107 |
| • loans with flat-rate charges | 120 | 1.664.256 |
| • mortgage loans | 130 | 24.035.046 |
| • other term loans for periods of over one year | 140 | 38.118.128 |
| • other amounts receivable | 150 | 65.560.827 |

6. Geographical breakdown

| | Codes | Financial year |
|---|---|---|
| • claims on Belgium | 160 | 69.057.342 |
| • claims on foreign countries | 170 | 61.164.250 |

7. Analytical data concerning mortgage loans with reconstitution at the institution or coupled with life insurance and capitalization contracts

| | Codes | Financial year |
|---|---|---|
| a) • the principal sums initially lent | 180 | 0 |
| b) • the reconstitution fund and mathematical reserves relating to these loans | 190 | 0 |
| c) • the net outstanding amount of these loans (a - b) | 200 | 0 |

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|---|---|---|---|

III.

**STATEMENT OF BONDS AND OTHER FIXED-INCOME SECURITIES**

(heading V of the assets)

(in thousands EUR)

| | Codes | 05 | 10 |
|---|---|---|---|

1. Bonds and other securities issued by :

| | Codes | Financial year | Previous financial year |
|---|---|---|---|
| • affiliated enterprises | 010 | 562.259 | 424.934 |
| • other enterprises linked by participating interests | 020 | 2.155 | 0 |

| | Codes | Financial year | Previous financial year |
|---|---|---|---|
| Bonds and securities representing subordinated claims | 030 | 0 | 0 |

3. Geographical breakdown of the following headings:

| | Codes | Belgium | Foreign countries |
|---|---|---|---|
| V.A. • public issuers | 040 | 11.058.260 | 59.161.902 |
| V.B. • other issuers | 050 | 594.771 | 42.436.468 |

4. Listed - Terms

| | Codes | Book value | Market value |
|---|---|---|---|
| a) • listed securities | 060 | 87.528.905 | 87.562.427 |
| • unlisted securities | 070 | 25.722.496 | |

| | Codes | Financial year |
|---|---|---|
| b) • residual term up to one year | 080 | 27.190.795 |
| • residual term over one year | 090 | 86.060.606 |

5. Breakdown according to whether securities belong

| | Codes | Financial year |
|---|---|---|
| a) • to the commercial portfolio | 100 | 19.877.616 |
| b) • to the investment portfolio | 110 | 93.373.785 |

6. For the commercial portfolio :

| | Codes | Financial year |
|---|---|---|
| • positive difference between the market value and the acquisition value for bonds and securities valued at their market value, whichever is higher | 120 | 41.952 |
| • 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 | 0 |

7. For the investment portfolio

| | Codes | Financial year |
|---|---|---|
| • positive difference in respect of all securities combined whose redemption value is higher than their book value | 140 | 461.057 |
| • negative difference in respect of all securities combined whose redemption value is lower than their book value | 150 | 1.483.776 |

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|---|---|---|

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 | 89.345.750 |
| Changes during the financial year : | | |
| • acquisitions | 020 | 38.821.815 |
| • transfers | 030 | (33.220.136) |
| • adjustments made in accordance with Article 35 ter § 4 and 5 | 040 | (200.600) |
| • differences of change | 050 | (1.352.467) |
| At the end of the financial year | 099 | 93.394.362 |
| **b) TRANSFERS BETWEEN PORTFOLIOS** | | |
| 1. Transfers | | |
| • from the investment portfolio to the commercial portfolio | 110 | 0 |
| • from the commercial portfolio to the investment portfolio | 120 | 0 |
| 2. Impacts of these transfers on the result | 130 | 0 |
| **c) WRITE-OFFS** | | |
| At the end of the previous financial year | 200 | 26.182 |
| Changes during the financial year : | | |
| • charged | 210 | 288 |
| • taken back because surplus | 220 | (4.359) |
| • cancelled | 230 | |
| • transferred from one heading to another | 240 | 0 |
| • differences of change | 250 | (1.534) |
| At the end of the financial year | 299 | 20.577 |
| **d) NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR** [ a) + b)1. - c) ] | 399 | 93.373.785 |

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|---|---|---|---|

## IV. STATEMENT OF SHARES AND OTHER VARIABLE-INCOME SECURITIES

(in thousands EUR)

(heading VI of the assets)

| | Codes | 05 | 10 |
|---|---|---|---|
| 1. Geographical breakdown of the issuers of the securities | | Financial year | |
| • Belgian issuers | 010 | 166.712 | |
| • foreign issuers | 020 | 7.961.707 | |

| 2. Listed | | Book value | Market value |
|---|---|---|---|
| • listed securities | 030 | 7.272.334 | 7.323.935 |
| • unlisted securities | 040 | 856.085 | |

| 3. Breakdown according to whether securities belong | | Financial year |
|---|---|---|
| • to the commercial portfolio | 050 | 6.889.398 |
| • to the investment portfolio | 060 | 1.239.021 |

| 4. For the commercial portfolio : | | Financial year |
|---|---|---|
| • positive difference between the acquisition value and the market value for securities valued at their market value | 070 | 462.819 |
| • 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 | 768.377 |
| Changes during the financial year | | |
| • acquisitions | 110 | 1.348.336 |
| • transfers | 120 | (811.150) |
| • other changes | 130 | (38.141) |
| At the end of the financial year | 199 | 1.267.422 |
| **b) TRANSFERS BETWEEN PORTFOLIOS** | | |
| 1. Transfers | | |
| • from the investment portfolio to the commercial portfolio | 200 | 0 |
| • from the commercial portfolio to the investment portfolio | 210 | 0 |
| 2. Impact of these transfers on the result | 220 | 0 |
| **c) WRITE-OFFS** | | |
| At the close of the previous financial year | 300 | 20.997 |
| Changes during the financial year | | |
| • recorded | 310 | 15.430 |
| • taken back because surplus | 320 | (2.171) |
| • cancelled | 330 | (4.625) |
| • transferred from one heading to another | 340 | 0 |
| • exchange differences | 350 | (1.229) |
| At the end of the financial year | 399 | 28.402 |
| **d) NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR** [ a) + b)1. - c) ] | 499 | 1.239.021 |

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|---|---|---|

**V. STATEMENT OF THE FINANCIAL FIXED ASSETS**

(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 | |
| | | Financial year | Previous financial year | Financial year | Previous financial year |
| a) Economic sector of the following items : | | | | | |
| A. Participating interests in affiliated enterprises | 010 | 10.912.565 | 8.944.629 | 11.018.463 | 3.882.012 |
| B. Participating interests in other enterprises linked by participating interests | 020 | 85.095 | 85.485 | 82.579 | 763.861 |
| C. Other company shares constituting financial fixed assets | 030 | 645.966 | 612.757 | 49.656 | 60.532 |

| b) Listed | Codes | Listed | Unlisted |
|---|---|---|---|
| A. Participating interests in affiliated enterprises | 040 | 1.115.180 | 20.815.848 |
| B. Participating interests in other enterprises linked by participating interests | 050 | 85.274 | 82.400 |
| C. Other company shares constituting financial fixed assets | 060 | 646.242 | 49.380 |

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.) | other (VII.C.) | linked by participating interests (VII.B.) |
| **a) ACQUISITION VALUE** | | | | |
| At the end of the previous financial year | 100 | 12.810.321 | 852.405 | 680.382 |
| Changes during the financial year | | | | |
| • acquisitions | 110 | 11.574.306 | 28.636 | 67.369 |
| • disposals and cessation of use | 120 | (2.483.545) | (710.308) | (45.037) |
| • transferred from one heading to another | 130 | | | |
| • exchange differences | 140 | 15.100 | | 2 |
| At the end of the financial year | 199 | 21.916.182 | 170.733 | 702.716 |
| **b) SURPLUSES** | | | | |
| At the end of the previous financial year | 200 | 113.518 | 0 | 0 |
| Changes during the financial year | | | | |
| • recorded | 210 | 0 | 0 | 0 |
| • acquired from third parties | 220 | 0 | 0 | 0 |
| • cancelled | 230 | 0 | 0 | 0 |
| • transferred from one heading to another | 240 | 0 | 0 | 0 |
| At the end of the financial year | 299 | 113.518 | 0 | 0 |
| **c) WRITE-OFFS** | | | | |
| At the end of the previous financial year | 300 | 97.199 | 3.058 | 7.093 |
| Changes during the financial year | | | | |
| • recorded | 310 | 1.492 | 0 | 0 |
| • taken back because surplus | 320 | 0 | 0 | 0 |
| • acquired from third parties | 330 | 0 | 0 | 0 |
| • cancelled | 340 | 0 | 0 | 0 |
| • transferred from one heading to another | 350 | 0 | 0 | 0 |
| • exchange differences | 360 | (19) | 0 | 1 |
| At the end of the financial year | 399 | 98.672 | 3.058 | 7.094 |
| **d) NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR [ a) + b) - c) ]** | 499 | 21.931.028 | 167.674 | 695.622 |

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|---|---|

B. Breakdown of the heading VII D. of the assets (in thousands EUR)

| | Codes | 05 | 10 | 15 | 20 |
|---|---|---|---|---|---|
| 1. Subordinated claims on | | Credit institutions | | Other enterprises | |
| | | Financial year | Previous financial year | Financial year | Previous financial year |
| • affiliated enterprises | 010 | 19.288 | 598.182 | 13.387 | 100.000 |
| • other enterprises linked by participating interests | 020 | 0 | 18.750 | 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 | 716.932 | 0 |
| Changes during the financial year | | | |
| • additions | 110 | 15.688 | 0 |
| • repayments | 120 | (700.194) | 0 |
| • amounts written off recorded | 130 | 0 | 0 |
| • amounts written off taken back | 140 | 0 | 0 |
| • exchange differences | 150 | 249 | 0 |
| • other changes | 160 | 0 | 0 |
| NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR | 199 | 32.675 | 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, VAT nr. or national ID. No. | Shares and units held | | | | Data extracted from the latest annual accounts available | | | |
|---|---|---|---|---|---|---|---|---|
| | directly | | | via subsidiaries | Annual accounts as at | Monetary units | Shareholder's equity | Net result |
| | Type | Number | % | % | | | (+) or (-) | (+) or (-) |
| ABX Luxembourg Holdings 1 S.A.<br>Luxembourg | | 237.022 | 11,85 | | | EUR | Starting phase | |
| Alpha Card<br>Watermael-Bosvoorde<br>BE 463.926.551 | | 735.000 | 50,00 | | 31/12/2005 | EUR | 8.861 | (2.600) |
| Alpha Credit<br>Brussel<br>BE 445.781.316 | | 749.999 | 100,00 | | 31/12/2005 | EUR | 51.848 | 13.100 |
| ASLK Finance N.V.<br>Amsterdam<br>Amsterdam 312 004 | | 1.000 | 100,00 | | 31/12/2005 | EUR | 1.448 | 1 |
| ASLK-CGER Services (In liquidatie)<br>Brussel<br>BE 458.523.354 | | 89 | 89,00 | | | EUR | In liquidation | |
| Astro Management<br>Brussel<br>BE 430.189.456 | | 999 | 99,90 | 0,10 | 31/12/2005 | EUR | 1.317 | 210 |
| Banking Funding Company<br>Brussel<br>BE 884.525.164 | | 22.415 | 36,45 | | | EUR | Starting phase | |
| Bank van de post N.V.<br>Brussel<br>BE 456.038.471 | | 300.000 | 50,00 | | 31/12/2005 | EUR | 181.244 | 1.205 |
| Banque Belgolaise N.V.<br>Brussel<br>BE 403.200.294 | (1)<br>(2) | 449.999<br>119.250 | 100,00 | | 31/12/2005 | EUR | 82.844 | (3.000) |
| BCC Corporate<br>Brussel<br>BE 883.523.807 | | 8.941 | 37,25 | | | EUR | Starting phase | |
| Bedrijvencentrum Dendermonde N.V.<br>Dendermonde<br>BE 438.558.081 | | 500 | 19,61 | | 31/12/2005 | EUR | 1.060 | 119 |

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**VI § 1 LIST OF ENTREPRISES IN WHICH THE CREDIT INSTITUTION HAS A PARTICIPATING INTEREST**

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| Name, registered office, VAT nr. or national ID. No. | Shares and units held | | | | Data extracted from the latest annual accounts available | | | |
|---|---|---|---|---|---|---|---|---|
| | directly | | | via subsidiaries | Annual accounts as at | Monetary units | Shareholder's equity | Net result |
| | Type | Number | % | % | | | (+) or (-) | (+) or (-) |
| Bedrijvencentrum Regio Aalst N.V.<br>Erembodegem<br>BE 428.749.502 | | 80 | 14,23 | 0,01 | 31/12/2005 | EUR | 684 | 18 |
| Bedrijvencentrum Vilvoorde N.V.<br>Vilvoorde<br>BE 434.222.577 | | 400 | 11,02 | | 31/12/2005 | EUR | 1.041 | (10) |
| Bedrijvencentrum Waasland N.V.<br>Sint-Niklaas<br>BE 427.264.214 | | 400 | 16,03 | | 31/12/2005 | EUR | 876 | 18 |
| Bedrijvencentrum Zaventem N.V.<br>Zaventem Zuid 8<br>BE 426.496.726 | | 751 | 24,98 | | 31/12/2005 | EUR | 435 | (138) |
| BEM-Flemish Construction & Investment Company<br>Brussel<br>BE 461 612 904 | | 2.793 | 12,05 | 0,03 | 31/12/2005 | EUR | 4.905 | (34) |
| Berlaymont 2000<br>Brussel<br>BE 441.629.617 | | 251 | 14,85 | | 31/12/2005 | EUR | 11.998 | (3.623) |
| Beta Europa Management SA<br>Luxembourg | | 27.250 | 100,00 | | 31/12/2006 | EUR | 5.139 | (3.027) |
| BGL Reassurance S.A.<br>Luxembourg | | 25.000 | 100,00 | | 31/12/2005 | EUR | 6.817 | 11.899 |
| Brand & Licence Company<br>Brussel<br>BE 884.499.250 | | 123 | 20,00 | | | EUR | Starting phase | |
| Camomile Investments UK LTD<br>London | | 500.000.000 | 100,00 | | 31/12/2005 | EUR | 2.928 | 1.754 |
| Certificat Etoile<br>Luxembourg | | 1.250 | 25,00 | | 5/07/2005 | EUR | 124 | - |

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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, VAT nr. or national ID. No. | Shares and units held | | | | Data extracted from the latest annual accounts available | | | |
|---|---|---|---|---|---|---|---|---|
| | directly | | | via subsidiaries | Annual accounts as at | Monetary units | Shareholder's equity | Net result |
| | Type | Number | % | % | | | (+) or (-) | (+) or (-) |
| Dikodi<br>Amsterdam<br>Amsterdam H 332 242 18 | | 42 | 100,00 | | 31/12/2005 | EUR | (14.518) | (493) |
| Certifimmo<br>Brussel<br>BE 430.926.656 | | 102 | 51,00 | | 27/09/2005 | EUR | (545) | 209 |
| Certifimmo II<br>Brussel<br>BE 431.434.224 | | 64 | 51,20 | | 31/12/2005 | EUR | 103 | 16 |
| Certifimmo V<br>Brussel<br>BE 450.355.261 | | 12.261 | 99,99 | 0,01 | 31/12/2005 | EUR | 1.376 | 13.706 |
| Comptoir Agricole de Wallonie<br>Nivelles<br>BE 400.364.530 | | 2.499 | 99,96 | 0,04 | 31/12/2005 | EUR | 760 | 247 |
| Coppefis<br>Brussel<br>BE 453.987.813 | | 74 | 98,67 | 1,33 | 31/12/2005 | EUR | 178 | 33 |
| Credissimo<br>Seraing<br>BE 403.977.482 | | 124.999 | 100,00 | | 31/12/2005 | EUR | 10.563 | 222 |
| Crédit Social et les Petits Proprietaires Réunis<br>Chatelet<br>BE 401.609.593 | | 3.347 | 12,38 | 1,48 | 31/12/2005 | EUR | 2.154 | 165 |
| Crédit Social de la Province du Brabant Wallon<br>Nivelles<br>BE 400.351.068 | | 11.012 | 12,10 | 0,31 | 31/12/2005 | EUR | 3.991 | 231 |
| Demeter S.A.S<br>Torce, France | | 1.120 | 20,65 | 8,90 | 31/12/2005 | EUR | 9.308 | 4.321 |

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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, VAT nr. or national ID. No. | Shares and units held | | | | Data extracted from the latest annual accounts available | | | |
|---|---|---|---|---|---|---|---|---|
| | directly | | | via subsidiaries | Annual accounts as at | Monetary units | Shareholder's equity | Net result |
| | Type | Number | % | % | | | (+) or (-) | (+) or (-) |
| Demetris<br>Groot-Bijgaarden<br>BE 452.211.723 | | 9.999 | 99,99 | 0,01 | 31/12/2005 | EUR | 2.946 | (54) |
| Discontokantoor van Turnhout<br>Turnhout<br>BE 404.154.755 | | 10.000 | 100,00 | | 31/12/2005 | EUR | 62 | - |
| Distri-Invest<br>Brussel<br>BE 431. 242.105 | | 102 | 51,00 | | 20/04/2006 | EUR | 105 | 2 |
| Domus Flandria<br>Antwerpen<br>BE 436.825.642 | | 22.500 | 11,22 | | 31/12/2005 | EUR | 26.430 | 2.092 |
| Dryden Wealth Management (Taiwan) Ltd<br>Taiwan | | 20.000.000 | 100,00 | | 31/12/2005 | TWD | 332 | 9 |
| Eufigest<br>Luxembourg | | 500 | 19,71 | | 31/12/2005 | EUR | 303 | 6 |
| Europay Belgium S.C.<br>Brussel<br>BE 434.197.536 | | 13.450 | 38,89 | 0,60 | 31/12/2005 | EUR | 1.399 | 304 |
| FB Holdings Canada Corp.<br>Calgary, Canada | | 100 | 100,00 | | 31/12/2006 | EUR | 11.233 | - |
| FB Transportation Capital LLC<br>Wilmington, USA | | 100 | 100,00 | | | USD | Starting phase | |
| FCM Private Equity, S.L.<br>Spanje | | 2.914.995 | 99,97 | | 31/12/2005 | EUR | 3.142 | 1.050 |

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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, VAT nr. or national ID. No. | Shares and units held | | | | Data extracted from the latest annual accounts available | | | |
|---|---|---|---|---|---|---|---|---|
| | directly | | | via subsidiaries | Annual accounts as at | Monetary units | Shareholder's equity | Net result |
| | Type | Number | % | % | | | (+) or (-) | (+) or (-) |
| Fimagen Holding<br>Paris | | 2.933.312 | 96,85 | 3,15 | 31/12/2005 | EUR | 222.369 | 29.870 |
| Finest<br>Brussel<br>BE 449.082.680 | | 14.793 | 99,99 | 0,01 | 31/12/2005 | EUR | 1.083 | 102 |
| Fortis Bank A.S.<br>Turkije | | 339.396.945.000 | 93,26 | | 31/12/2005 | TRL | 1.066.467 | 80.864 |
| Fortis Bank Escritorio de Representacao Ltda<br>Sao Paulo | | 1.120.364 | 88,40 | | 31/12/2005 | BRL | 187 | (620) |
| Fortis Bank Nederland Holding.<br>Utrecht | | 1.095.735 | 82,33 | 17,67 | 31/12/2005 | EUR | 4.078.544 | 1.021 |
| Fortis Bank Polska<br>Warszawa | | 16.635.287 | 99,19 | | 31/12/2005 | PLN | 691.788 | 101.499 |
| Fortis Banque France<br>Puteaux | | 2.832.087 | 99,98 | | 31/12/2005 | EUR | 259.866 | 24.496 |
| Fortis Banque Luxembourg.<br>Luxembourg | | 13.720.846 | 99,92 | | 31/12/2005 | EUR | 2.402.924 | 468.041 |
| Fortis Capital Canada<br>Canada | | 100 | 100,00 | | 31/12/2005 | EUR | 990 | 57 |
| Fortis Capital Corporation Inc<br>Stamford | | 1.000 | 100,00 | | 31/12/2005 | USD | 745.987 | 45.235 |

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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, VAT nr. or national ID. No. | Shares and units held | | | | Data extracted from the latest annual accounts available | | | |
|---|---|---|---|---|---|---|---|---|
| | directly | | | via subsidiaries | Annual accounts as at | Monetary units | Shareholder's equity | Net result |
| | Type | Number | % | % | | | (+) or (-) | (+) or (-) |
| Fortis Energy North America S.à.r.l<br>Luxembourg | | 8.630.116 | 100,00 | | | USD | Starting phase | |
| Fortis Finance Belgium S.C.R.L.<br>Brussel<br>BE 879.866.412 | | 8.533.312 | 100,00 | | | EUR | Starting phase | |
| Fortis Financial Services LLC<br>New York | | 159.992 | 100,00 | | 31/12/2005 | USD | 221.389 | 89.458 |
| Fortis Funding LLC<br>New York | | 100.000 | 100,00 | | 31/12/2005 | USD | 2.617 | (644) |
| Fortis Gesbeta, SGIIC SA<br>Madrid<br>Spain | | 75.000 | 100,00 | | 31/12/2006 | EUR | 11.437 | 4.711 |
| Fortis Ifico<br>Grand Cayman | | 100.000 | 100,00 | | 31/12/2005 | USD | 2.617 | (644) |
| Fortis Int'l Advisory<br>Brussel<br>BE 874.308.807 | | 100 | 50,00 | 50,00 | | EUR | Starting phase | |
| Fortis Int'l Finance Dublin<br>Dublin | | 209.368.065 | 79,32 | 20,68 | 31/12/2005 | EUR | 321.729 | 11.894 |
| Fortis Lease Iberia<br>Barcelona<br>Spain | | 1.170.000 | 21,39 | 78,55 | 31/12/2005 | EUR | 21.337 | (477) |
| Fortis Lux Finance<br>Luxembourg<br>RC Lux. B 38225 | | 1.249 | 99,92 | 0,08 | 31/12/2005 | EUR | 1.142 | (13) |

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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, VAT nr. or national ID. No. | Shares and units held | | | | Data extracted from the latest annual accounts available | | | |
|---|---|---|---|---|---|---|---|---|
| | directly | | | via subsidiaries | Annual accounts as at | Monetary units | Shareholder's equity | Net result |
| | Type | Number | % | % | | | (+) or (-) | (+) or (-) |
| Fortis Luxembourg Finance<br>Luxembourg | | 19.999 | 100,00 | | 31/12/2005 | EUR | 12.414 | 629 |
| Fortis Pension EGFP SA<br>Madrid<br>Spain | | | 100,00 | | 31/12/2006 | EUR | 1.489 | 60 |
| Fortis Private Equity Asia Fund<br>Bruxelles | | 10.199 | 99,99 | | 31/12/2005 | EUR | 9.661 | (223) |
| Fortis Private Equity Belgium<br>Brussel<br>BE 421.883.286 | | 144.755 | 100,00 | | 31/12/2005 | EUR | 84.840 | 239 |
| Fortis Private Equity France<br>Strasbourg, France | | 200.000 | 100,00 | | 31/12/2005 | EUR | 411 | 40 |
| Fortis Private Equity France Fund<br>Strasbourg | | 17.560.000 | 99,90 | 0,10 | 31/12/2005 | EUR | 16.181 | (674) |
| Fortis Private Investment Management Limited<br>Londen | | 64.993.419 | 100,00 | | 31/12/2005 | GBP | 23.054 | 21.008 |
| Fortis Proprietary Investments<br>Dublin, Ireland | | 9.999.999 | 100,00 | | 31/12/2005 | USD | 39.235 | 2.451 |
| Fortis Wealth Management (Hong Kong) Ltd<br>Hong Kong | | 549.999 | 100,00 | | 31/12/2005 | HKD | 250.471 | (25.559) |
| Fortis Wealth Management (Singapore) Ltd<br>Singapore | | 9.450.000 | 100,00 | | 31/12/2005 | SGD | 2.321 | (6.422) |
| Generale Bank Pref II<br>Rotterdam | | 9.075.609 | 100,00 | | 31/12/2005 | EUR | 182.988 | 6.630 |

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**VI § 1 LIST OF ENTREPRISES IN WHICH THE CREDIT INSTITUTION HAS A PARTICIPATING INTEREST**

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|---|---|---|---|---|---|---|---|---|
| | directly | | | via subsidiaries | Annual accounts as at | Monetary units | Shareholder's equity | Net result |
| | Type | Number | % | % | | | (+) or (-) | (+) or (-) |
| Generale Belgian Finance Company Ltd.<br>Hong Kong | | 99.999 | 99,99 | | 31/12/2005 | USD | 8.229 | 3.357 |
| Generale Branch Nominees Ltd.<br>London | | 100 | 100,00 | | 31/12/2005 | GBP | - | - |
| Genfinance International N.V.<br>Brussel<br>BE 421.429.267 | | 19.999 | 100,00 | | 31/12/2005 | EUR | 1.249 | 156 |
| G I Finance<br>Dublin 2 | | 54.600.001 | 100,00 | | 31/12/2005 | GBP | 54.642 | 2.177 |
| Gudrun Xpert<br>Brussel<br>BE 477.315.422 | | 5.200 | 26,00 | | 31/12/2005 | EUR | 750 | 105 |
| Heracles S.C.R.L<br>Charleroi<br>BE 427.178.892 | | 4.500 | 13,55 | 0,05 | 31/12/2005 | EUR | 464 | 75 |
| Het Werkmanshuis<br>Tongeren<br>BE 400.986.518 | | 1.095 | 41,04 | | 31/12/2005 | EUR | 1.241 | 54 |
| Hypo-G<br>Brussel<br>BE 461.696.244 | | 199 | 19,90 | | 31/12/2005 | EUR | 62 | 6 |
| I.D.P.B.<br>Paris<br>414 878 777 000 13 | | 145 | 96,67 | 2,66 | 31/12/2005 | EUR | 697 | (1) |
| Immo-Beaulieu<br>Brussel<br>BE 450.193.133 | | 500 | 25,00 | | 16/06/2006 | EUR | 68 | 106 |

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**VI § 1 LIST OF ENTREPRISES IN WHICH THE CREDIT INSTITUTION HAS A PARTICIPATING INTEREST**

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| Name, registered office, VAT nr. or national ID. No. | Shares and units held | | | | Data extracted from the latest annual accounts available | | | |
|---|---|---|---|---|---|---|---|---|
| | directly | | | via subsidiaries | Annual accounts as at | Monetary units | Shareholder's equity | Net result |
| | Type | Number | % | % | | | (+) or (-) | (+) or (-) |
| Immo Certrest<br>Brussel<br>BE 458.406.954 | | 999 | 99,90 | 0,10 | 31/12/2005 | EUR | (1.090) | (51) |
| Immo Kolonel Bourgstraat<br>Brussel<br>BE 461.139.879 | | 1.250 | 50,00 | | 31/12/2005 | EUR | 67 | - |
| Immobilière Distri-Land<br>Brussel<br>BE 436.440.909 | | 156 | 12,48 | | 31/12/2005 | EUR | 157 | 10 |
| Immobilière Sauvenière N.V.<br>Brussel<br>BE 403.302.739 | | 15.741 | 99,99 | 0,01 | 31/12/2005 | EUR | 25.655 | 809 |
| Immolouneuve<br>Bruxelles<br>BE 416.030.426 | | 1.000 | 50,00 | | 31/12/2005 | EUR | 79 | 4 |
| Innovation et Développement en Brabant Wallon<br>Tubize (Saintes)<br>BE 460.658.938 | | 3.500 | 16,32 | | 31/12/2005 | EUR | 650 | 8 |
| Interselex N.V.<br>Brussel<br>BE 415.213.646 | | 185.499 | 100,00 | | 31/12/2005 | EUR | 7.008 | 300 |
| Isabel N.V.<br>Brussel<br>BE 455.530.509 | | 253.287 | 25,33 | | 31/12/2005 | EUR | 11.938 | 8.326 |
| Krediet voor Sociale Woningen<br>Brussel<br>BE 402.204.461 | | 45.558 | 50,03 | 2,64 | 31/12/2005 | EUR | 10.522 | 377 |
| La Maison Sociale de Tournai - Ath<br>Tournai<br>BE 402.495.065 | | 465.570 | 99,72 | | 31/12/2005 | EUR | 2.684 | (57) |

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**VI § 1 LIST OF ENTREPRISES IN WHICH THE CREDIT INSTITUTION HAS A PARTICIPATING INTEREST**

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| Name, registered office, VAT nr. or national ID. No. | Shares and units held | | | | Data extracted from the latest annual accounts available | | | |
|---|---|---|---|---|---|---|---|---|
| | directly | | | via subsidiaries | Annual accounts as at | Monetary units | Shareholder's equity | Net result |
| | Type | Number | % | % | | | (+) or (-) | (+) or (-) |
| La Propriété Sociale de Binche - Morlanwelz<br>Binche<br>BE 401.198.136 | | 23.520 | 20,81 | 0,67 | 31/12/2005 | EUR | 1.801 | 9 |
| Landbouwkantoor Vlaanderen<br>Wevelgem<br>BE 405.460.889 | | 499 | 99,80 | 0,20 | 31/12/2005 | EUR | 1.719 | 345 |
| Landwaarts Sociaal Woonkrediet<br>Genk<br>BE 401.363.828 | | 5.100 | 14,49 | | 31/12/2005 | EUR | 13.964 | 751 |
| Le Crédit Social de Tubize<br>Tubize<br>BE 400.344.140 | | 400 | 11,43 | | 31/12/2005 | EUR | 300 | (185) |
| Le Petit Propriétaire<br>Brussel | | 690 | 11,60 | | 31/12/2005 | EUR | 754 | 2 |
| Maredo<br>Frankfurt-Am-Main, Germany | | 369.900 | 36,99 | 0,18 | 31/12/2005 | EUR | 7.556 | (1.644) |
| Metropolitan Buildings N.V.<br>Brussel<br>BE434.742.734 | | 15 | 15,00 | 55,00 | 31/12/2005 | EUR | (2.372) | (202) |
| Mijn Huis Edouard Pecher<br>Antwerpen<br>BE 404.476.340 | | 20.859 | 50,26 | | 31/12/2005 | EUR | 4.116 | 3 |
| Mine.Be<br>Brussel<br>BE 471.793.053 | | 39.999 | 100,00 | | 31/12/2005 | EUR | 2.186 | 2 |
| Nazca Capital<br>Spain | | 1.600.507 | 100,00 | | 31/12/2005 | EUR | 411 | 52 |

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**VI § 1 LIST OF ENTREPRISES IN WHICH THE CREDIT INSTITUTION HAS A PARTICIPATING INTEREST**

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| Name, registered office, VAT nr. or national ID. No. | Shares and units held | | | | Data extracted from the latest annual accounts available | | | |
|---|---|---|---|---|---|---|---|---|
| | directly | | | via subsidiaries | Annual accounts as at | Monetary units | Shareholder's equity | Net result |
| | Type | Number | % | % | | | (+) or (-) | (+) or (-) |
| Nazca Inversiones<br>Spain | | 54.486.300 | 99,97 | 5,00 | 31/12/2005 | EUR | 57.101 | 1.017 |
| Nieuwe Maatschappij Rond Den Heerd<br>Kortrijk<br>BE 426.351.028 | | 2.000 | 23,26 | | 31/12/2005 | EUR | 1.563 | 68 |
| Orion Asset Limited<br>Gibraltar | | 338.231 | 100,00 | | | | | |
| Park De Haan N.V.<br>Brussel<br>BE 438.533.436 | | 300 | 15,00 | | 31/12/2005 | EUR | 68 | 73 |
| Retail Partners<br>Utrecht | | 49.500 | 49,50 | | 31/12/2005 | EUR | 55.484 | 7.420 |
| S.B.I. - B.M.I.<br>Brussel<br>BE 411.892.088 | | 2.595 | 19,51 | 0,01 | 31/12/2005 | EUR | 32.084 | (45) |
| Schumanplein<br>Brussel<br>BE 429.378.715 | | 348.830 | 55,81 | | 31/12/2005 | EUR | 93 | 6 |
| St.-Jozefs Kredietmaatschappij Beringen<br>Beringen<br>BE 401.349.970 | | 522 | 11,93 | | 31/12/2005 | EUR | 19.572 | 560 |
| SOWO Invest<br>Brussel<br>BE 877 279 282 | | 875,00 | 87,50 | | | EUR | Starting phase | |
| Sybetra (In liquidatie)<br>Charleroi<br>BE 400.398.281 | | 62.800 | 76,30 | | 31/12/2005 | EUR | 2.156 | 988 |
| Titrisation Belge - Belgische effectisering N.V.<br>Brussel<br>BE 457.416.465 | | 7.500 | 50,00 | | 31/12/2005 | EUR | 605 | 38 |

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**VI § 1 LIST OF ENTREPRISES IN WHICH THE CREDIT INSTITUTION HAS A PARTICIPATING INTEREST**

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| Name, registered office, VAT nr. or national ID. No. | Shares and units held | | | | Data extracted from the latest annual accounts available | | | |
|---|---|---|---|---|---|---|---|---|
| | directly | | | via subsidiaries | Annual accounts as at | Monetary units | Shareholder's equity | Net result |
| | Type | Number | % | % | | | (+) or (-) | (+) or (-) |
| Tous Propriétaires SA<br>Erquelinnes<br>BE 401.731.339 | | 43.425 | 16,82 | | 31/12/2005 | EUR | 4.639 | 322 |
| Velleman International<br>Gavere<br>BE<br>866.481.99<br>4 | | 3.997.006 | 69,95 | | 31/12/2005 | EUR | 13.180 | 5.680 |
| Visa Belgium S.C.<br>Brussel<br>BE 435.551.972 | | 43 | 23,76 | 1,06 | 31/12/2005 | EUR | 239 | 16 |
| Von Essen GmbH<br>Essen, Germany | | 60 | | 100,00 | | EUR | | |
| Von Essen KG -<br>Handelsgesellschaft-<br>Essen, Germany | | 1.600.000 | | 100,00 | 31/12/2005 | EUR | 1.600 | 6 |
| Wa Pei Finance<br>Hongkong | | 340.997 | 100,0<br>0 | | 31/12/2005 | HKD | 179.547 | 116.469 |

(1) ordinary shares

(2) VVPR shares

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|---|---|---|

**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

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|---|---|---|

**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 | 1.632 | | |
| Changes during the financial year : | | | | |
| • New expenses incurred | 020 | 25 | | |
| • Writing down | 030 | (426) | | |
| • Other | 040 | 1.316 | | |
| Net book value at the close of the financial year | 099 | 2.547 | | |
| including : | | | | |
| • formation and capital - increase expenses issuing expenses for loans and other start-up expenses | 110 | 2.547 | | |
| • 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 | 26.888 | 22.780 | 0 |
| Changes during the financial year | | | | |
| • acquisitions including production shown as fixed assets | 220 | 0 | 28.842 | 0 |
| • transfers and disposals | 230 | (91) | (93) | 0 |
| • transfers from one heading to | 240 | (10.810) | 0 | 0 |
| • differences of change | 250 | 206 | (513) | 0 |
| At the close of the financial year | 299 | 16.193 | 51.016 | 0 |
| b) DEPRECIATIONS AND AMOUNTS WRITTEN OFF | | | | |
| At the close of the previous financial year | 310 | 15.909 | 10.063 | 0 |
| Changes during the financial year | | | | |
| • charged | 320 | 2.936 | 5.635 | 0 |
| • taken back because surplus | 330 | 0 | 0 | 0 |
| • acquired from third parties | 340 | 0 | 0 | 0 |
| • cancelled | 350 | (91) | (93) | 0 |
| • transferred from one heading to another | 360 | (9.494) | 930 | 0 |
| • differences of change | 370 | 175 | (379) | 0 |
| At the close of the financial year | 399 | 9.435 | 16.156 | 0 |
| c) NET BOOK VALUE AT THE CLOSE OF THE FINANCIAL YEAR [ a) - b) ] | 499 | 6.758 | 34.860 | 0 |

* If this heading contains an important amount

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|---|---|---|

**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 | 1.382.468 | 276.737 | 120.921 | 0 | 275.419 | 0 |
| Changes during the financial year | | | | | | | |
| • acquisitions including fixed assets produced | 020 | 62.841 | 58.443 | 15.532 | 0 | 27.196 | 0 |
| • disposals and cessation of use | 030 | 9.322 | (50.401) | (11.246) | 0 | (1.544) | 0 |
| • transferred from one heading to another | 040 | (1.149) | 0 | 0 | 0 | 1.149 | 0 |
| • differences of change | 050 | 22 | (925) | (152) | 0 | (362) | 0 |
| At the end of the financial year | 099 | 1.453.504 | 283.854 | 125.055 | 0 | 301.858 | 0 |
| b) CAPITAL GAINS | | | | | | | |
| At the end of the previous financial year | 110 | 276.532 | 14 | 11 | 0 | 14.441 | 0 |
| Changes during the financial year | | | | | | | |
| • recorded | 120 | 0 | 0 | 0 | 0 | 0 | 0 |
| • acquired from third parties | 130 | 0 | 0 | 0 | 0 | 0 | 0 |
| • cancelled | 140 | (1.060) | 0 | (1) | 0 | (977) | 0 |
| • transferred from one heading to another | 150 | 0 | 0 | 0 | 0 | 0 | 0 |
| At the end of the financial year | 199 | 275.472 | 14 | 10 | 0 | 13.464 | 0 |
| c) DEPRECIATIONS AND AMOUNTS WRITTEN OFF | | | | | | | |
| At the end of the previous financial year | 210 | 1.036.665 | 198.297 | 74.327 | 0 | 170.612 | 0 |
| Changes during the financial year | | | | | | | |
| • recorded | 220 | 66.163 | 46.231 | 8.624 | 0 | 19.787 | 0 |
| • taken back because surplus | 230 | 0 | 0 | (184) | 0 | 0 | 0 |
| • acquired from third parties | 240 | 0 | (119) | (31) | 0 | 2.432 | 0 |
| • cancelled because surplus | 250 | 7.596 | (50.819) | (11.139) | 0 | (2.889) | 0 |
| • transferred from one heading to another | 260 | (505) | (24) | 24 | 0 | 505 | 0 |
| • differences of change | 270 | 1 | (715) | (70) | 0 | (196) | 0 |
| At the end of the financial year | 299 | 1.109.920 | 192.851 | 71.551 | 0 | 190.251 | 0 |
| d) NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR [ a) + b) - c) ] | 399 | 619.056 | 91.017 | 53.514 | 0 | 125.071 | 0 |
| including | | | | | | | |
| • land and buildings | 410 | | | | 0 | | |
| • installations, machines and tools | 420 | | | | 0 | | |
| • furniture and vehicles | 430 | | | | 0 | | |

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|---|---|---|

**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 |
| • premiums paid in advance on derivatives | 010 | 5.850.946 |
| • suspens accounts | 020 | 1.408.716 |
| • recovery on income taxes | 030 | 142.457 |
| • claims on invoices | 040 | 82.742 |
| | 050 | 0 |
| | 060 | 0 |
| | 070 | 0 |

**X. DEFERRED CHARGES AND ACCRUED INCOME** (in thousands EUR)

(heading XII of the assets)

| | | Financial year |
|---|---|---|
| 1. Charges to be carried forward | 110 | 143.175 |
| 2. Accrued income | 120 | 38.177.104 |

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|---|---|---|---|

**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<br>Financial year | 10<br>Previous financial year |
|---|---|---|---|
| • amounts payable to affiliated enterprises | 010 | 24.200.801 | 14.176.429 |
| • amounts payable to other enterprises linked by participating interests | 020 | 0 | 798.441 |

B. Breakdown of amounts payable other than at sight by residual period to maturity

(heading I.B. and C. of the liabilities)

| | | Financial year |
|---|---|---|
| • up to three months | 110 | 122.277.823 |
| • over three months and up to one year | 120 | 31.137.306 |
| • over one year and up to five years | 130 | 328.467 |
| • over five years | 140 | 61.880 |
| • 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 |
|---|---|---|---|
| • affiliated enterprises | 210 | 6.813.014 | 7.142.934 |
| • other enterprises linked by participating interests | 220 | 32.901 | 328.672 |

2. Geographical breakdown of amounts payable :

| | | Financial year |
|---|---|---|
| • to Belgium | 310 | 95.920.003 |
| • to foreign countries | 320 | 71.441.157 |

3. Breakdown by residual period to maturity :

| | | Financial year |
|---|---|---|
| • at sight | 410 | 34.554.360 |
| • up to three months | 420 | 54.971.324 |
| • over three months and up to one year | 430 | 11.498.033 |
| • over one year and up to five years | 440 | 9.640.367 |
| • over five years | 450 | 11.395.492 |
| • indeterminate period | 460 | 45.301.584 |

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|---|---|---|---|

## 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 |
| • to affiliated enterprises | 010 | 2.592.170 | 2.208.499 |
| • to other enterprises linked by participating interests | 020 | 0 | 0 |

2. Breakdown by residual period to maturity :

| | | Financial year |
|---|---|---|
| • up to three months | 110 | 13.844.562 |
| • over three months and up to one year | 120 | 9.628.122 |
| • over one year and up to five years | 130 | 7.036.289 |
| • over five years | 140 | 1.038.601 |
| • indeterminate period | 150 | 195.875 |

## 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 | 0 |
| b) amounts payable due to N.S.S.O. | 220 | 0 |
| 2. Taxes : | | |
| a) payable | 230 | 148.979 |
| b) estimated tax amounts payable | 240 | 0 |

3. Other amounts payable

Breakdown of this sub-heading if it represents a substantial amount

| | | Financial year |
|---|---|---|
| • premiums received on options | 310 | 7.963.306 |
| • suspens accounts | 320 | 1.926.837 |
| • remunerations and social-security charges not paid | 330 | 697.368 |
| • debts resulting from profit appropriation | 340 | 229.002 |
| | 350 | 0 |

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|---|---|---|

## XV. ACCRUED CHARGES AND DEFERRED INCOME

(heading V of the liabilities)

(in thousands EUR)

| | Codes | 05 |
|---|---|---|
| | | Financial year |
| 1. Charges to be assigned | 010 | 37.343.698 |
| 2. Income to be carried forward | 020 | 59.293 |

## XVI. PROVISIONS FOR RISKS AND CHARGES

(heading VI. A. 3. of the liabilities)

(in thousands EUR)

Breakdown of this sub-heading if it represents a substantial amount

| | | Financial year |
|---|---|---|
| • provisions for guaranteed commitments | 110 | 88.818 |
| • provisions for open claims | 120 | 88.750 |
| • provisions for restructuration within the scope of the integration of bank activities of the Fortis group | 130 | 60.305 |
| • provisions for personnel | 150 | 17.368 |

## 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 |
|---|---|---|---|
| • amounts payable to affiliated enterprises | 210 | 3.488.127 | 4.348.420 |
| • amounts payable to other enterprises linked by participating interests | 220 | 0 | 0 |

B.

| | | Financial year |
|---|---|---|
| • charges in respect of subordinated amounts payable | 310 | 566.612 |

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|---|---|---|

## XVIII. STATEMENT OF CAPITAL

| | Codes | 05 | 10 |
|---|---|---|---|
| A. SHAREHOLDERS' EQUITY | | amount (in thousands EUR) | number of shares |
| 1. Subscribed capital (heading IX. A. of the liabilities) | | | |
| • at the end of the previous financial year | 010 | 3.111.839 | 160.404.065 |
| • changes during the financial year : | 020 | 0 | 0 |
| ……………………………………………….. | 030 | 0 | 0 |
| ……………………………………………….. | 040 | 0 | 0 |
| ……………………………………………….. | 050 | 0 | 0 |
| ……………………………………………….. | 060 | 0 | 0 |
| • at the end of the financial year | 099 | 3.111.839 | 160.404.065 |
| 2 Representation of the capital | | | |
| 2.1 Categories of shares common | 110 | 3.111.839 | 160.404.065 |
| ……………………………………………….. | 120 | 0 | 0 |
| ……………………………………………….. | 130 | 0 | 0 |
| ……………………………………………….. | 140 | 0 | 0 |
| ……………………………………………….. | 150 | 0 | 0 |
| 2.2 Registered shares and bearer shares | | | |
| Registered | 160 | xxxxxxxxxxxxxxxxxxxxx | 77.751.879 |
| Bearer | 170 | xxxxxxxxxxxxxxxxxxxxx | 82.652.186 |

| 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 | | | |
| • by the company itself | 310 | 0 | 0 |
| • by its subsidiaries | 320 | 0 | 0 |
| D. SHARE-ISSUE COMMITMENTS | | | |
| 1. Resulting from the exercise of conversion | | | |
| • amount of the convertible loans outstanding | 410 | 0 | 0 |
| • amount of the capital to be subscribed | 420 | 0 | 0 |
| • the corresponding number of shares to be issued | 430 | 0 | 0 |
| 2. Resulting from the exercise of subscription | | | |
| • number of subscription rights in circulation | 440 | 0 | 0 |
| • amount of the capital to be subscribed | 450 | 0 | 0 |
| • the corresponding number of shares to be issued | 460 | 0 | 0 |
| E. UNSUBSCRIBED AUTHORIZED CAPITAL | 510 | 1.500.000 | 0 |
| F. EQUITY UNITS ISSUED WHICH ARE NOT REPRESENTATIVE OF THE CAPITAL including | | number of equity units | number of votes attaching thereto |
| • the units held by the company itself | 610 | 0 | 0 |
| • the units held by its subsidiaries | 620 | 0 | 0 |

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|---|---|---|

## 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 | 307.846.133 | 143.986.300 |
| 020 | TOTAL LIABILITIES | 304.710.667 | 147.121.766 |

## XX. TRUSTEE OPERATIONS REFERRED TO IN ARTICLE 27ter, § 1 paragraph 3

(in thousands EUR)

| Relevant headings of the assets and liabilities | Codes | 05 |
|---|---|---|
| | | 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 |
| | | |

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|---|---|---|

**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

(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

| | 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 | | | | | |
| • amounts owed as a result of commitments and advances | 010 | 0 | 0 | 121.427.304 | 0 |
| • ................................................... | 020 | 0 | 0 | 0 | 0 |
| • ................................................... | 030 | 0 | 0 | 0 | 0 |
| • ................................................... | 040 | 0 | 0 | 0 | 0 |
| • ................................................... | 050 | 0 | 0 | 0 | 0 |
| 2. Off-balance sheet headings | | | | | |
| • ................................................... | 110 | 0 | 0 | 0 | 0 |
| • ................................................... | 120 | 0 | 0 | 0 | 0 |
| • ................................................... | 130 | 0 | 0 | 0 | 0 |
| • ................................................... | 140 | 0 | 0 | 0 | 0 |
| • ................................................... | 150 | 0 | 0 | 0 | 0 |
| b) as security for liabilities and commitments of third parties | | | | | |
| 1. Headings of assets | | | | | |
| • amounts owed as a result of commitments and advances | 210 | 0 | 0 | 146 | 0 |
| • ................................................... | 220 | 0 | 0 | 0 | 0 |
| • ................................................... | 230 | 0 | 0 | 0 | 0 |
| • ................................................... | 240 | 0 | 0 | 0 | 0 |
| • ................................................... | 250 | 0 | 0 | 0 | 0 |
| 2. Off-balance sheet headings | | | | | |
| • ................................................... | 310 | 0 | 0 | 0 | 0 |
| • ................................................... | 320 | 0 | 0 | 0 | 0 |
| • ................................................... | 330 | 0 | 0 | 0 | 0 |
| • ................................................... | 340 | 0 | 0 | 0 | 0 |
| • ................................................... | 350 | 0 | 0 | 0 | 0 |

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|---|---|---|---|

**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<br>Financial year | 10<br>Previous financial year |
|---|---|---|---|
| • Total of contingent liabilities on behalf of affiliated companies | 010 | 7.690.847 | 7.731.068 |
| • Total of contingent liabilities on behalf of other enterprises linked by participating interests | 020 | 46 | 19.932 |
| • Total commitments to affiliated companies | 030 | 2.682.867 | 2.500.342 |
| • Total commitments to other companies linked by participating interests | 040 | 1.480 | 384.136 |

**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 | 22.083 | 22.233 |
| b) Average number of staff in full-time equivalents | 102 | 19.948 | 20.327 |
| c) Effective hours worked | 103 | 26.187.227 | 26.165.418 |
| 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 | 188 | 117 |
| b) Average number employed in full-time equivalents | 201 | 80 | 50 |
| c) Effective hours worked | 202 | 150.324 | 87.821 |
| d) Personnel expenses incurred by the company (in thousands EUR) | 203 | 6.310 | 2.691 |

(in thousands EUR)

| | | | |
|---|---|---|---|
| 2. Personnel expenses | | | |
| a) Remunerations and direct company benefits | 210 | 1.321.404 | 1.187.284 |
| b) Employer's social insurance contributions | 220 | 330.579 | 309.378 |
| c) Employer's premiums for non-statutory insurances | 230 | 116.140 | 114.358 |
| d) Other personnel expenses | 240 | 31.165 | 25.632 |
| e) Pensions | 250 | 3.722 | 2.161 |
| 3. <u>Provisions for pensions</u> | | | |
| a) appropriations | 310 | 97 | 76 |
| b) uses and write-backs | 320 | 50 | 1 |
| B. 1. Other operating incomes (heading XIV of the income statement) represent a substantial amount | | | |
| • Rent | 410 | 23.904 | 18.933 |
| • miscellaneous recoveries | 420 | 29.272 | 68.756 |
| • inventory costs | 430 | 21.079 | 16.950 |
| • postage expenses of accounts | 440 | 11.513 | 11.829 |
| • collection of debts | 450 | 26.138 | 18.895 |
| • other | 460 | 7.378 | 57.406 |
| 2. Other operating charges (heading XV of the income statement) | | | |
| • taxes | 510 | 131.643 | 109.663 |
| • other operating charges | 520 | 62.035 | 34.436 |
| Breakdown of the other operating charges if they represent a substantial amount | | | |
| • inventory costs | 610 | 0 | 0 |
| • expenses related to a subordinated liability | 620 | 0 | 0 |
| | 630 | 0 | 0 |
| C. Operating income and charges in respect of affiliated enterprises | | | |
| Income | 710 | 6.199.647 | 2.968.643 |
| Charges | 720 | 5.191.369 | 1.655.981 |

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|---|---|---|

**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 | 12.162.349 | 2.243.264 | 10.671.015 | 1.345.334 |
| III. Income from variable-income securities | | | | | |
| • Shares, units and other variable-income securities | 110 | 70.250 | 9.342 | 24.835 | 10.899 |
| • Participating interests in affiliated enterprises | 120 | 25.924 | 1.528.155 | 104.998 | 25.303 |
| • Participating interests in other enterprises • linked by participating interests | 130 | 7.530 | 58.029 | 60.504 | 0 |
| • Other shares constituting financial fixed assets | 140 | 167 | 29.694 | 18.795 | 1 |
| IV. Commissions received | 210 | 1.062.479 | 131.664 | 928.484 | 90.864 |
| VI. Profit from financial operations | | | | | |
| • from exchange and trading in securities and other financial instruments | 310 | 112.341 | 62.442 | (144.604) | 28.911 |
| • from realization of investment securities | 320 | 159.691 | 4.835 | 19.706 | 2.228 |
| XIV. Other operating incomes | 410 | 114.197 | 79.195 | 154.634 | 38.135 |

Analysis of dividends (captions III B and C of income statement according to the location of the branches concerned

| | |
|---|---|
| EU countries | 1.619.638 |
| Non-EU countries | 0 |

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|---|---|---|

**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 | OF WHICH TRANSACTIONS NOT CONSTITUTING HEDGING TRANSACTIONS |
|---|---|---|---|
| | | 05 | 10 |
| 1. ON SECURITIES | | | |
| forward purchases and sales of securities and negotiable instruments | 010 | 486.966 | 486.966 |
| 2. ON FOREIGN CURRENCIES (b) | | | |
| • forward foreign exchange operations | 110 | 159.715.568 | 152.842.861 |
| • interest-rate and currency swaps | 120 | 15.934.066 | 15.415.622 |
| • currency futures | 130 | 129.830 | 129.830 |
| • currency options | 140 | 52.686.604 | 52.664.137 |
| • forward exchange rate contracts | 150 | 10.716.554 | 10.717.380 |
| 3. ON OTHER FINANCIAL INSTRUMENTS | | | |
| 1. FORWARD INTEREST-RATE TRANSACTIONS (c) | | | |
| • interest-rate swaps | 210 | 1.452.829.865 | 1.320.713.164 |
| • interest-rate futures | 220 | 11.322.307 | 11.322.307 |
| • forward interest-rate contracts | 230 | 17.718.477 | 12.359.382 |
| • interest-rate options | 240 | 1.228.970.140 | 1.228.887.558 |
| 2. OTHER FORWARD PURCHASES AND SALES (d) | | | |
| • other option contracts | 310 | 65.874.792 | 62.994.066 |
| • other futures operations | 320 | 7.545.242 | 7.545.242 |
| • other forward purchases and sales | 330 | 1.611.938 | 201.710 |

(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 (continuation)**

(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 | 236.765.491 | (4.126) |
| b) as part of asset and liabilities management | 27.952.850 | 52.385 |
| c) operations without reductions of the risk (LOCOM) | Not applicable on 31/12/2006 | Not applicable on 31/12/2006 |

(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

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|---|---|---|

## XXV. EXTRAORDINARY RESULT

(in thousands EUR)

| | Codes | 05 |
|---|---|---|
| A. | | Financial year |
| • Capital gains obtained in respect of the transfer of fixed assets to affiliated enterprises | 010 | 1.636.104 |
| • Capital losses suffered in respect of the transfer of fixed assets to affiliated enterprises | 020 | 11.392 |

| | | Financial year |
|---|---|---|
| B. Other extraordinary results : (heading XVII. E. of the income statement) | | |
| Breakdown of this heading if it represents a substantial amount | | |
| • Reorganisation plan | 110 | 3.861 |
| • ................................................................................ | 120 | 0 |
| • ................................................................................ | 130 | 0 |
| • ................................................................................ | 140 | 0 |
| • ................................................................................ | 150 | 0 |
| Other extraordinary charges (heading XVIII. E. of the income statement) | | |
| Breakdown of this heading if it represents a substantial amount | | |
| • Capital losses on transfer of the credit portfolio | 210 | 34.127 |
| • Reorganisation plan | 220 | 11.241 |
| • ................................................................................ | 230 | 0 |
| • ................................................................................ | 240 | 0 |
| • ................................................................................ | 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 | 140.502 |
| b. Surplus of tax payments or withholding taxes brought to assets | 320 | (61.610) |
| 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 | 70.256 |
| 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 | 0 |

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 |
|---|---|---|
| • Non-accepted expenses | 510 | 48.989 |
| • Movements of reserves | 520 | 93.704 |
| • Increase/decrease on shares and units | 530 | (2.482.978) |
| • Income finally assessed for tax | 540 | (1.204.676) |
| • ................................................................................ | 550 | 0 |

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|---|---|---|---|

**XXVI. INCOME TAXES (CONTINUATION)**

(in thousands EUR)

C. INCIDENCE OF THE EXTRAORDINARY RESULTS ON THE AMOUNT OF TAX ON THE RESULT FOR THE FINANCIAL YEAR

| | Codes | 05 | 10 |
|---|---|---|---|
| ............................................................................ | 010 | (19.342) | (11.540) |
| ............................................................................ | 020 | 0 | |
| ............................................................................ | 030 | 0 | |

D. SOURCES OF DEFERRED TAX

| | Codes | 05 | 10 |
|---|---|---|---|
| | | Financial year | |
| 1. Deferred taxes representing assets : | | | |
| • restructuring plans | 110 | 56.502 | 91.147 |
| ............................................................................ | 120 | 0 | |
| | 130 | 0 | |
| | 140 | 0 | |
| ............................................................................ | 150 | 0 | |
| | | | |
| 2. Deferred taxes representing liabilities : | | | |
| • potential fiscal claims relating to | 210 | 2.380 | 3.418 |
| revaluations surplusses on buildings | | | |
| of ex-Krediet aan de Nijverheid | | | |
| ............................................................................ | | | |
| • taxes on realised capital gains spread over time | 220 | 8.302 | 86.247 |
| 0 | | | |

**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 | 143.173 | 67.106 |
| 2. by the enterprise | 320 | 57.480 | 46.927 |
| B. Amounts withheld payable by third parties in respect of : | | | |
| 1. Payroll withholding taxes | 410 | 367.204 | 373.113 |
| 2. Withholding tax on investment income | 420 | 251.370 | 255.642 |

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|---|---|---|---|

**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<br>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 in enclosure

320 ........................................................................................................................................................

330 ........................................................................................................................................................

340 ........................................................................................................................................................

| | | Financial year |
|---|---|---|
| Pensions the service of which is to be met by the enterprise itself | | |
| • Estimated amount of the commitments resulting for it from benefits already provided | 410 | 0 |
| • 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 | 866 |
| 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 : | | |
| • to directors and managers | 610 | 10.990 |
| • to former directors and managers | 620 | 0 |

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|---|---|---|

**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 | 15.914 | 6.119 | 19.948,5 (FTE) | 20.326,7 (FTE) |
| Effective hours worked | 101 | 22.248.540 | 3.938.687 | 26.187.227 (T) | 26.165.418 (T) |
| Personnel expenses (in thousands EUR) | 102 | 1.235.072 | 303.575 | 1.538.647 (T) | 1.475.314 (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 | 16.025 | 6.058 | 20.031,2 |
| b. Breakdown by type of employement contract | | | | |
| Contract of unlimited duration | 110 | 15.293 | 6.041 | 19.287,7 |
| Contract of limited duration | 111 | 715 | 10 | 721,4 |
| Contract for a clearly defined project | 112 | 0 | 0 | 0,0 |
| Temporary replacement | 113 | 17 | 7 | 22,1 |
| c. Breakdown by sex | | | | |
| Men | 120 | 9.982 | 1.751 | 10.986,5 |
| Wowen | 121 | 6.043 | 4.307 | 9.044,7 |
| d. Breakdown by professional occupation | | | | |
| Management | 130 | 1.473 | 54 | 1.514,5 |
| Employees | 131 | 14.523 | 6.004 | 18.487,7 |
| Manual workers | 132 | 0 | 0 | 0,0 |
| Other | 133 | 29 | 0 | 29,0 |

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 | 80,3 | 0 |
| Effective hours worked | 151 | 150.324 | 0 |
| Cost for the company (in thousands EUR) | 152 | 6.310 | 0 |

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|---|---|---|---|

**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 | 2.638 | 68 | 2.688,5 |
| b. Breakdown by type of employment contract | | | | |
| Contract of undefined duration | 210 | 1.033 | 60 | 1.078,9 |
| Contract of defined duration | 211 | 1.605 | 8 | 1.609,6 |
| Contract for a clearly defined project | 212 | 0 | 0 | 0,0 |
| Interim substitution contract | 213 | 0 | 0 | 0,0 |
| c. Breakdown by sex and schooling degree | | | | |
| Men : primary school | 220 | 2 | 0 | 2,0 |
| secondary school | 221 | 264 | 6 | 268,3 |
| higher non-academic degree | 222 | 587 | 1 | 587,8 |
| academic degree | 223 | 457 | 3 | 459,2 |
| Women : primary school | 230 | 5 | 0 | 5,0 |
| secondary school | 231 | 333 | 25 | 355,2 |
| higher non-academic degree | 232 | 679 | 17 | 687,8 |
| academic degree | 233 | 311 | 16 | 323,2 |

| 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 | 2.210 | 648 | 2.568,8 |
| b. Breakdown by type of employement contract | | | | |
| Contract of undefined duration | 310 | 770 | 645 | 1.126,9 |
| Contract of defined duration | 311 | 1.438 | 3 | 1.439,9 |
| Contract for a clearly defined project | 312 | 0 | 0 | 0,0 |
| Interim substitution contract | 313 | 2 | 0 | 2,0 |
| c. Breakdown by sex and schooling degree | | | | |
| Men : primary school | 320 | 10 | 4 | 12,0 |
| secondary school | 321 | 375 | 247 | 501,6 |
| higher non-academic degree | 322 | 541 | 52 | 567,1 |
| academic degree | 323 | 247 | 29 | 262,9 |
| Women : primary school | 330 | 10 | 8 | 14,3 |
| secondary school | 331 | 339 | 237 | 477,1 |
| higher non-academic degree | 332 | 557 | 46 | 584,9 |
| academic degree | 333 | 131 | 25 | 148,9 |
| d. Breakdown by raison for termination of employment contract | | | | |
| Pension | 340 | 190 | 525 | 462,4 |
| Bridging pension | 341 | 0 | 0 | 0,0 |
| Dismissal | 342 | 219 | 47 | 253,4 |
| Other reason | 343 | 1.801 | 76 | 1.853,0 |
| of which : the number of employees who continue to work for the company as a self-employed person on at least a half-time basis | 350 | 0 | 0 | 0,0 |

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|---|---|---|

### III. STATEMENT FOR THE USE MEASURES IN FAVOUR OF EMPLOYMENT DURING THE FINANCIAL YEAR

| MEASURES PROMOTING EMPLOYMENT | Codes | Number of staff involved | | 3. Financial benefits (in thousands EUR) |
|---|---|---|---|---|
| | | 1. Number | 2. In full-time equivalents | |
| 1. Measures involving financial benefits (1) | | | | |
| 1.1. Advantage plan (to promote hiring of job searchers belonging to risk groups) | 414 | 0 | 0,0 | 0 |
| 1.2. Conventional half-time prepension | 411 | 0 | 0,0 | 0 |
| 1.3. Full-time career interruption | 412 | 0 | 0,0 | 0 |
| 1.4. Reduction of the working hours (part-time career interruption) | 413 | 0 | 0,0 | 0 |
| 1.5. Maribel | 415 | 0 | 0,0 | 0 |
| 1.6. Structural reduction of social security charges | 416 | 22.745 | 19.435,2 | 44.080 |
| 1.7. Professional transition programmes | 417 | 0 | 0,0 | 0 |
| 1.8. Service jobs | 418 | 0 | 0,0 | 0 |
| 1.9. Convention work-training | 503 | 0 | 0,0 | 0 |
| 1.10. Learning contract | 504 | 0 | 0,0 | 0 |
| 1.11. First job experience contracts | 419 | 4 | 4,0 | 1 |
| 2. Other measures | | | | |
| 2.1. Traineeships for young people | 502 | 0 | 0,0 | |
| 2.2. Measures concerning successive contracts of employment concluded for a defined period | 505 | 444 | 442,1 | |
| 2.3. Conventional prepension | 506 | 0 | 0,0 | |
| 2.4. Reduction of personal social security contribution for employees with low wages | 507 | 1.653 | 1.053,3 | |

Number of staff involved by one or more measures in favour of the employment :

| | Codes | 1. Number | 2. In full-time equivalents |
|---|---|---|---|
| • total of the financial year | 550 | 22.745 | 19.435,2 |
| • total of the previous financial year | 560 | 22.725 | 19.707,3 |

### IV. 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 | 8.245 | 5811 | 7.505 |
| 2. Number of training hours | 5802 | 276.929 | 5812 | 260.913 |
| 3. Expenses for the enterprise | 5803 | 34.221 | 5813 | 32.242 |

### V. ACTIVITIES OF TRAINING, GUIDANCE OR MENTORSHIP GIVEN BY EMPLOYEES (APPLICATION OF LAW OF SEPTEMBER 5, 2001 TO IMPROVE EMPLOYMENT RATE OF EMPLOYEES)

| Activities of formation, guidance or mentorship | Codes | Men | Codes | Women |
|---|---|---|---|---|
| 1. Number of employees who excercise these activities | 5804 | 0 | 5814 | 0 |
| 2. Numer of hours spent on these activities | 5805 | 0 | 5815 | 0 |
| 3. Number of employees who followed these activities | 5806 | 0 | 5816 | 0 |

(1) Financial benefits for the employer with regard to the employed job holder or his substitute

| V.A.T. | BE 403.199.702 | | 35. |
|---|---|---|---|

**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 | Fortis Private Equity Belgium | 112.500 |
| | Fortis Private Asia Fund | 9.000 |
| | Sowo Invest | 73 |
| | Fortis Internal Advisory | 60 |
| | **Total** | **121.633** |
| VII. B | Bem-Flemish constr & invest | 519 |
| | Landwaarts Sociaal Woonkrediet (Voor Eigen Woon Genk) | 80 |
| | Crédit Social Région de Nivelles Nivelles | 16 |
| | Leenmaatschappij voor het arrondissement Roeselare-Tielt Roeselare | 12 |
| | Crédit Social et les Petits Propriétaires Réunis Châtelet | 4 |
| | | 0 |
| | | 0 |
| | Total | 631 |
| VII. C | La Maison de l'Entreprise Mons | 15 |
| | Uw Eigen Huis der Vlaanderen Zottegem | 6 |
| | Le Crédit hypothécaire O. Bricoult Châtelet | 4 |
| | Eigen Huis Brugge | 3 |
| | Eigen Huis Durmestreek Lokeren | 2 |
| | Ons Eigen Huis Neerpelt | 1 |
| | Le Crédit des Travailleurs Philippeville | 1 |
| | Total | 32 |

| V.A.T. | BE 403.199.702 | 36. |
|---|---|---|

**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 Entirely by the employer;
- a collective insurance with AXA and AGF for the accrued entitlements (for the employer's contributions) As of December 2001 for the categories ex-Generale Bank and Fortis Bank;
- a collective insurance with Fortis Insurance Belgium 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 Fortis Insurance Belgium 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 Fortis Insurance Belgium 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 covrred 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 valuation rules for the non-consolidated annual accounts

## General principles

Fortis Bank's valuation rules comply with the rules laid down in the Royal Decree of 23 September 1992 on the non-consolidated and consolidated annual accounts of credit institutions.

The valuation rules of Fortis Bank are the same as the previous year.
The following summary gives further details of the valuation rules used for the major captions in the balance sheet and income statement.

## ASSETS

**Loans and advances to credit institutions and customers**
Loans and advances to credit institutions and customers are posted in the balance sheet for the initial amount paid less subsequent repayments and related allowances. All expenses paid to third parties bringing transactions with customers are immediately recognised in the income statement.
Any difference between the redemption value of the loans and advances and the amounts originally granted is posted on an accrual basis as interest income or expense in the income statement.
Other receivables are recognised at their nominal value.
Allowances for doubtful loans and for loans with an uncertain future are provided for, if a portion is 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 required allowances are recorded for countries listed by the Banking, Finance and Insurance Commission. These are based on Fortis Bank Group rules, corresponding for a minimum to the rules set out by the Banking, Finance and Insurance Commission. In addition, the bank sets up allowances for other countries with risk exposure.

The valuation rules provide for the possibility to set up an internal security fund up to cover well-defined risks, possibly arising in the future, but which cannot 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.

For bonds in the investment portfolio, the difference between the acquisition cost (all costs included, provisions received deducted) and the redemption value is recognised in the income statement, on basis of its yield-to-maturity.

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 presents 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 stated at cost. A write-off is recorded where a decrease in value is permanent. Where financial fixed assets are financed with borrowed funds, the translation 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 activated and depreciated on a straight-line basis over 5 years.
Capital increase costs are charged directly to the result.

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 booked directly to the results 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 determined mainly on the risk of technological changes and commercial developments, the said software may be booked to assets and depreciated on a straight-line basis over the estimated useful life, with a maximum of five years.

The other intangible fixed assets are depreciated over maximum 10 years.

The Bank makes no use of the option to capitalise commission paid to third parties bringing transactions with clients with a contractual period exceeding one year.

### Tangible fixed assets

Tangible fixed assets are recognised on the assets side of the balance sheet 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 their carrying value.

### Other assets

Among other things this account includes deferred tax assets.
Deferred tax assets cannot be recognised. However, the Belgian Banking, Finance and Insurance Commission permits the recognition of deferred tax assets relating to restructuring costs, including in relation to social plans.

## LIABILITIES

Amounts owed to credit institutions and customers

The debts to credit institutions and customers are posted in the balance sheet for the initial amount received, less subsequent repayments. All expenses paid to third parties bringing deposits are immediately recognised in the income statement.

**Debt securities issued**

Debt securities issued with fixed capitalisation are posted for the original amount plus capitalised interests

**Other liabilities**

Among other items this account 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 formed 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 revenues 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 the interest revenues.

**Income from variable-income securities**

Revenues on shares and financial fixed assets are recognised as from the moment the dividend distribution is communicated to the bank.

**Derivatives**

The derivatives results 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; whereby the gains and losses on the hedged instruments are recorded in order to neutralise, entirely or partially, 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 recorded 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 posted to the income statement.

c) Some forward interest rate transactions are valued in accordance with other valuation methods, based on derogation from the Banking, Finance and Insurance Commission, in conformity with article 18 of the Royal Decree of 23 September 1992 :

- Transactions concluded in the framework of the treasury management, with an initial maturity of a maximum of 1 year;
- Transactions concluded in 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 in the framework of strategic ALM-transactions in BEF, euro 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 in the framework of a global management, and do not have the objective of reducing the interest rate risk.

These transactions are valued by recording the related result on an accrual basis, with the condition that the potential losses resulting from the valuation at market value is recorded 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, 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 posted 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 recorded 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 euro in the income statement, at the spot exchange rate at the time of recognition as income or expense.

# Report of the accredited statutory auditors

# Fortis BANK N.V.

## Joint Statutory Auditors’ report to the General Shareholders’ Meeting on the annual accounts as of and for the year ended 31 December 2006

23 March 2007

**JOINT STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS’ MEETING ON THE ANNUAL ACCOUNTS OF FORTIS BANK N.V. AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2006**

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As required by law and the company’s articles of association, we report to you in the context of our appointment as statutory auditors. This report includes our opinion on the annual accounts and the required additional disclosures and information.

### Unqualified opinion on the annual accounts

We have audited the annual accounts of Fortis Bank N.V. as of and for the year ended 31 December 2006, prepared in accordance with the financial reporting framework applicable in Belgium, and which show a balance-sheet total of EUR (000) 451.832.433 and a profit for the year of EUR (000) 3.593.343.

The company's board of directors is responsible for the preparation of the annual accounts. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual accounts 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 accounts 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 accounts 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 accounts. The selection of these procedures is a matter for our judgment, as is the assessment of the risk that the annual accounts contain material misstatements, whether due to fraud or error. In making those risk assessments, we have considered the company’s internal control relating to the preparation and fair presentation of the annual accounts, 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 accounts 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 accounts of Fortis Bank N.V. give a true and fair view of the company’s net worth and financial position as of 31 December 2006 and of its results for the year then ended in accordance with the financial reporting framework applicable in Belgium.

## Additional remarks and information

The company's board of directors is responsible for the preparation and content of the management report, 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 accounts:

- The management report deals with the information required by the law and is consistent with the annual accounts. 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 information provided is not in obvious contradiction with the information we have acquired in the context of our appointment.

- 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.

- There have been no 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 complies with the legal and statutory provisions.

- During the year 2006, the company distributed an interim dividend, in respect of which we prepared the attached report in accordance with legal requirements.

Brussels, 23 March 2007

SCCRL - BCVBA
Klynveld Peat Marwick Goerdeler
Bedrijfsrevisoren/
Reviseurs d'Entreprises

Statutory Auditor
Represented by

O. Macq
Partner

SCCRL - BCVBA
PricewaterhouseCoopers
Bedrijfsrevisoren/
Reviseurs d'Entreprises

Statutory Auditor
Represented by

L. Discry
Partner

# Other locally required information

# 1 Shareholder base

The law of 2 March 1989, which governs the disclosure of significant participating interests in listed companies and lays down the legal framework for take-over bids, stipulates that the Appendix to the annual accounts relating to the company capital must give details of the shareholder base of the company based on the information received by the company at the end of the financial year in accordance with its Memorandum and Articles of Association.

The most recent information received was drafted on 20 November 1998 by Fortis AG, société anonyme (which has in the meantime become Fortis (B) and subsequently Fortis SA/NV), Blvd Emile Jacqmain 53, B-1000 Brussels, in its capacity as a company disclosing information on its own behalf and on behalf of Fortis Belgium, société anonyme (which has in the meantime also become Fortis SA/NV). These two companies were linked.

Consequently, as of that date Fortis Belgium held 17,869,301 shares representing 98.28% of the capital of Generale Bank SA/NV.

However, since then there have been various changes in the number of shares and in the shareholder base for shares representing the bank's capital.

Firstly, the number of shares was increased from 18,182,203 to 21,283,575 following the contribution of 60.3% of the shares comprising the capital of Fortis Bank Nederland. This contribution was made by Fortis Belgium, which received remuneration in the form of the allocation of all the new shares issued at that time.

Secondly, there was a one for five share split and 44,375,770 new shares were created in remuneration of the transfer of CGER/ASLK Bank assets. These new shares were allocated to CGER/ASLK shareholders.

Finally, 9,610,420 new shares were issued in 2000 against the contribution of 36.8% of the shares comprising the capital of Banque Générale du Luxembourg (which has in the meantime become Fortis Banque Luxembourg). These new shares were allocated to the Fortis umbrella companies which in their turn contributed them to Fortis SA/NV.

As a result of these operations - and operations such as the acquisition of shares which were formerly subscribed by staff during capital increases reserved for staff but which could not be sold until the end of the statutory period - Fortis's stake in the capital of Fortis Bank was nearly 99.8 % at the end of the financial year.

It should be noted that, as part of the restructuring of the Fortis group completed on 14 December 2001, Fortis Brussels, société anonyme, took over all the assets and liabilities of Fortis SA/NV; as a result, it now holds all the group's stake in Fortis Bank.

# 2 Monthly high and low for Fortis Bank shares on the weekly auctions in 2006

The monthly high and low for Fortis Bank shares on the weekly auctions of Euronext Brussels in 2006 were as follows (in EUR) :

| Month | Low | High |
|---|---|---|
| January | 121.20 | 135.00 |
| February | 135.00 | 137.20 |
| March | 136.00 | 142.00 |
| April | 136.20 | 142.20 |
| May | 133.20 | 135.50 |
| June | 135.00 | 135.60 |
| July | 134.70 | 135.00 |
| August | 135.50 | 149.05 |
| September | 150.00 | 155.10 |
| October | 155.10 | 157.10 |
| November | 156.20 | 156.20 |
| December | 152.00 | 156.00 |

# 3 External posts held by directors and executives 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 Executives of credit institutions and investment companies, the bank's Board of Directors has adopted "Internal regulations for Directors and Executives of Fortis Bank SA/NV holding external posts".

Inter alia, these regulations stipulate that external posts held by the bank's Executives and Directors in companies other than those falling within the scope of Article 27, § 3, para 3, of the Law of 22 March 1993 shall be disclosed in the annual management report.

The term "Executives" refers to members of the Management Committee and persons in positions at a level immediately below the said Committee, including Managers 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***<br>***Post***<br><br>**Company**<br>**(Headoffice)** | **Business Activity**<br>**(Post)** | **Listing** | **Bank's Stake if ≥ 5%** |
|---|---|---|---|
| Filip DIERCKX<br>*Member of the Management Committee* | | | |
| - DIP N.V.<br>(Antwerp) | Management services<br>(Director) | - | - |
| - Informatieverwerkende Diensten van het VEV N.V.<br>(Antwerp) | Administrative services<br>(Director) | - | - |
| - SD Diensten N.V.<br>(Antwerp) | Training & Management services<br>(Director) | - | - |
| - SD Software Solutions N.V.<br>(Antwerp) | IT Services<br>(Director) | - | - |
| Christian SCHAACK<br>*Member of the Management Committee* | | | |
| - SES Global S.A. (Betzdorf -L-) | Satelites<br>(Director) | Luxembourg,<br>Euronext Paris | - |
| Jozef DE MEY<br>*Director* | | | |
| - Aviabel S.A.<br>(Brussels) | Insurance<br>(Chairman of the Board of Directors) | - | - |
| - Fortis Real Estate S.A.<br>(ex -Bernheim-Comofi)<br>(Brussels) | Real Estate<br>(Chairman of the Board of Directors) | - | - |
| - Fortis Real Estate Holding S.A.<br>(ex - Fortis Real Estate)<br>(Brussels) | Real Estate<br>(Director) | - | - |
| - J. Zinner N.V.<br>(Brussels) | Public Relations<br>(Director) | - | - |
| - Portima S.C.<br>(Brussels) | Administrative services<br>(Chairman of the Board of Directors) | - | - |
| Walter MERSCH<br>*Director* | | | |
| - AstenJohnson Inc.<br>(Charleston NC -USA-) | Technical textiles<br>(Director) | - | - |
| - Bruch et Cie S.A.<br>(Neu-Moresnet) | Technical textiles<br>(Director) | - | - |
| - Magotteaux International Participations S.A.<br>(Vaux-sous-Chèvremont) | Holding company<br>(Director) | - | - |
| - Magotteaux Inc. Ltd<br>(Brentwood -USA-) | Metal manufacturing<br>(Director) | - | - |
| - Stichting Administratiekantoor Magotteaux Ancrage<br>(Maastricht -NL-) | Administration of shares<br>(Member of the Board of Directors) | - | - |

| ***Surname, forename***<br>***Post***<br><br>**Company**<br>**(Headoffice)** | **Business Activity**<br>**(Post)** | **Listing** | **Bank's Stake if ≥ 5%** |
|---|---|---|---|
| Jean MEYER<br>*Director* | | | |
| - Arbed S.A.<br>(Luxembourg -L-) | Iron and steel<br>(Director) | - | - |
| - Bourse de Luxembourg S.A.<br>(Luxembourg -L-) | Stock Exchange<br>(Director) | - | 12,39% (through FBL) |
| - Cargolux Airlines International S.A.<br>(Luxembourg -L-) | Airfreight<br>(Director) | - | - |
| - Clearstream International S.A.<br>(Luxembourg -L-) | Clearing house<br>(Director) | - | - |
| - International Shipowners Reinsurance Company S.A.<br>(Luxembourg -L-) | Reinsurance<br>(Director) | - | - |
| - Luxair S.A.<br>(Luxembourg -L-) | Air transport<br>(Director) | - | 12,15% (through FBL) |
| Jean STEPHENNE<br>*Director* | | | |
| - Aseptic Technologies S.A.<br>(Rixensart) | Pharmaceutical industry<br>(Director) | - | |
| - Besix S.A.<br>(Brussels) | Construction<br>(Director) | - | |
| - GlaxoSmithKline Biologicals S.A.<br>(Rixensart) | Pharmaceutical industry<br>(Chairman of the Board of Directors) | - | |
| - GlaxoSmithKline Biologicals Manufacturing S.A.<br>(Rixensart) | Pharmaceutical industry<br>(Director) | | |
| - Groupe Bruxelles Lambert S.A.<br>(Brussels) | Investment company<br>(Director) | Euronext BXL | |
| - Henogen S.A.<br>(Charleroi) | Pharmaceutical industry<br>(Director) | - | |
| - Ion Beam Applications S.A.<br>(Louvain-la-Neuve) | Technology<br>(Director) | Euronext BXL | |
| - Nanocyl S.A.<br>(Namur) | Chemicals<br>(Director) | - | |
| Peer van HARTEN<br>*(Director)* | | | |
| - Mayban Fortis Holdings Berhad<br>(Kuala Lumpur -Malaysia-) | Holding company<br>(Vice-Chairman of the Board of Directors) | - | - |
| - MNI Holdings Berhad<br>(Kuala Lumpur -Malaysia-) | Insurance<br>(Vice-Chairman of the Board of Directors) | - | - |
| - Muang Thai Fortis Holding Co. Ltd<br>(Bangkok -Thailand-) | Holding company<br>(Director) | - | - |
| - Tai Ping Life Insurance Co. Ltd<br>(Shanghai -PR China-) | Insurance<br>(Director) | - | - |
| - Vidacaixa S.A.<br>(Barcelona -E-) | Insurance<br>(Director) | - | - |
| Robert van OORDT<br>*(Director)* | | | |
| - Draka Holding company N.V.<br>(Amsterdam -NL-) | Cable Telecommunications<br>(Member of the Supervisory Board) | Euronext Amsterdam | - |
| - Rodamco Europe N.V.<br>(Rotterdam -NL-) | Real estate investment<br>(Chairman of the Supervisory Board) | Euronext Amsterdam, BXL & Paris | - |
| - Schering-Plough Inc.<br>(Kenilworth -USA-) | Pharmaceutical industry<br>(Director) | NYSE, Deutsche Börse | - |
| Michel van PEE<br>*(Director)* | | | |
| - SN AirHolding company S.A.<br>(Brussels) | Holding Company (aviation)<br>(Director) | - | - |

| *Surname, forename*<br>*Post*<br><br>**Company**<br>**(Headoffice)** | **Business Activity**<br>**(Post)** | **Listing** | **Bank's Stake if ≥ 5%** |
|---|---|---|---|
| Luc VANSTEENKISTE<br>*(Director)* | | | |
| - Compagnie Mobilière et Foncière du Bois Sauvage S.A. (Brussels) | Investment company (Director) | Euronext BXL | - |
| - Delhaize Group S.A. (Brussels) | Chain Store (Director) | Euronext BXL, NYSE | - |
| - Recticel S.A. (Brussels) | Chemicals (Managing Director) (1) | Euronext BXL | - |
| - Rec-Hold S.A. (Brussels) | Holding company (Director) (1) | - | - |
| - Sioen N.V. (Ardooie) | Textiles (Director) (1) | Euronext BXL | - |
| - Spector Photo Group N.V. (Wetteren) | Photo-finishing (Chairman of the Board of Directors) (1) | Euronext BXL | - |
| - Telindus Group S.A. (Brussels) | Telecommunications (Chairman of the Board of Directors) (2) | - | - |
| - Ter Beke N.V. (Waarschoot) | Food (Director) (1) | Euronext BXL | - |
| | (1) Through Vean S.A<br>(2) Through LMCL S.C.A. | | |
| Marc BELLIS<br>*(General Manager Institutional Banking))* | | | |
| - Maison de la Radio Flagey S.A. (Brussels) | Cultural Services (Director) | - | - |
| Paul DOR<br>*(General Manager Comercial & Private Skills)* | | | |
| - Compagnie Financière de Wérister S.A. (Fléron) | Holding Company (Director) | Euronext BXL (second market) | - |
| Peter FOO<br>*(General Manager Singapore Branch)* | | | |
| - Cityspring Infrastructure (Singapore) | Infrastructure (Director) | Singapore | - |
| Marc LENERT<br>*(General Manager IS Retail Banking)* | | | |
| - CEGEDEL S.A. (Strassen –L-) | Electricity (Director) | Luxembourg, Euronext BXL | - |
| Robert SCHARFE<br>*(General Manager Global Markets)* | | | |
| - Bourse de Luxembourg S.A. (Luxembourg -L-) | Stock exchange (First Vice-Chairman of the Board of Directors) | - | 12.39% (through FBL) |
| Edit SZIRAKI<br>*(General Manager Budapest Branch)* | | | |
| - Celestica Likvidtas Menedzsment Magyarorszag Kft. (Budapest -H-) | Treasury Management Services (Director) | - | - |