

FORTIS



Fortis Bank S.A./N.V.

**Consolidated Interim Financial Statements
for the first half year of 2007**

Brussels, 27 August 2007

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All amounts reported in these Interim Financial Statements are denominated in millions of euros, unless stated otherwise and some figures may not sum due to rounding.

Consolidated balance sheet

	Note	30 June 2007	31 December 2006
Assets			
Cash and cash equivalents		27,580	20,792
Assets held for trading	4	98,594	70,635
Due from banks	5	134,187	89,413
Due from customers	6	326,458	285,877
Investments:	7		
- Held to maturity		4,463	4,505
- Available for sale		117,314	127,818
- Held at fair value through profit or loss		3,360	3,535
- Investment property		647	600
- Associates and joint ventures		1,553	1,352
		127,337	137,810
Trade and other receivables		6,540	6,105
Property, plant and equipment		2,188	2,153
Goodwill and other intangible assets		1,355	980
Accrued interest and other assets		90,612	60,926
Total assets		814,851	674,691
Liabilities			
Liabilities held for trading	4	100,548	64,258
Due to banks	8	217,837	177,161
Due to customers	9	277,791	260,056
Debt certificates		108,943	90,360
Subordinated liabilities		15,036	14,080
Other borrowings		1,972	2,178
Provisions		655	717
Current and deferred tax liabilities		1,629	1,469
Accrued interest and other liabilities		72,471	47,514
Total liabilities		796,882	657,793
Shareholders' equity		17,750	16,700
Minority interests		219	198
Total equity		17,969	16,898
Total liabilities and equity		814,851	674,691

Consolidated income statement

	Note	First half year 2007	First half year 2006	Second quarter 2007	Second quarter 2006	First quarter 2007
Income						
Interest income	10	42,282	33,967	21,983	17,841	20,299
Interest expense	14	(39,627)	(31,324)	(20,587)	(16,498)	(19,040)
Net interest income		2,655	2,643	1,396	1,343	1,259
Fee and commission income	13	2,013	1,817	1,045	919	968
Fee and commission expense		(523)	(405)	(281)	(195)	(242)
Net fee and commission income		1,490	1,412	764	724	726
Dividend, share in result of associates and joint ventures and other investment income		152	166	90	103	62
Realised capital gains (losses) on investments	11	456	1,605	250	16	206
Other realised and unrealised gains and losses	12	930	1,006	504	582	426
Other income		133	144	68	70	64
Total income, net of interest expense		5,816	6,976	3,072	2,838	2,743
Change in impairments	15	(36)	(50)	(10)	(41)	(26)
Net revenues		5,780	6,926	3,062	2,797	2,717
Expenses						
Staff expenses		(1,934)	(1,749)	(992)	(863)	(942)
Depreciation and amortisation of tangible and intangible assets		(179)	(168)	(90)	(85)	(89)
Other expenses		(1,280)	(1,090)	(634)	(546)	(644)
Total expenses		(3,393)	(3,007)	(1,716)	(1,494)	(1,675)
Profit before taxation		2,387	3,919	1,346	1,303	1,042
Income tax expense		(312)	(519)	(180)	(280)	(132)
Net profit for the period		2,075	3,400	1,166	1,023	910
Net profit attributable to minority interests		9	6	4	6	5
Net profit attributable to shareholders		2,066	3,394	1,162	1,017	905

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 1 January 2006	3,112	4,889	1,633	15	2,693	2,749	15,091	208	15,299
Net profit for the period					3,394		3,394	6	3,400
Revaluation of investments						(1,935)	(1,935)	(3)	(1,938)
Foreign exchange differences				(197)			(197)	(10)	(207)
Other non-owner changes in equity			3				3		3
<i>Total non-owner changes in equity</i>			<i>3</i>	<i>(197)</i>	<i>3,394</i>	<i>(1,935)</i>	<i>1,265</i>	<i>(7)</i>	<i>1,258</i>
Transfer			2,693		(2,693)				
Dividend								(14)	(14)
Other changes in equity								2	2
Balance at 30 June 2006	3,112	4,889	4,329	(182)	3,394	814	16,356	189	16,545
Balance at 1 January 2007	3,112	4,889	3,186	(148)	4,732	930	16,700	198	16,898
Net profit for the period					2,066		2,066	9	2,075
Revaluation of investments						(802)	(802)		(802)
Foreign exchange differences				44			44	4	48
Other non-owner changes in equity			(33)				(33)		(33)
<i>Total non-owner changes in equity</i>			<i>(33)</i>	<i>44</i>	<i>2,066</i>	<i>(802)</i>	<i>1,275</i>	<i>13</i>	<i>1,288</i>
Transfer			4,732		(4,732)				
Dividend			(225)				(225)	(6)	(231)
Other changes in equity								14	14
Balance at 30 June 2007	3,112	4,889	7,660	(105)	2,066	128	17,750	219	17,969

Consolidated cash flow statement

	<i>First half year</i> 2007	<i>First half year</i> 2006
Profit before taxation	2,387	3,918
<i>Adjustments on non-cash items included in profit before taxation:</i>		
(Un)realised gains (losses)	(524)	(1,538)
Depreciation, amortisation and accretion	226	259
Provisions and impairments	45	6
Share of profits in associates and joint ventures	(29)	(29)
Share based compensation expense		
<i>Changes in operating assets and liabilities:</i>		
Assets and liabilities held for trading	8,434	5,975
Due from banks	(44,987)	(995)
Due from customers	(40,334)	(19,282)
Trade and other receivables	(395)	(684)
Due to banks	40,421	11,643
Due to customers	17,913	18,034
Net changes in all other operational assets and liabilities	(5,131)	(12,446)
Income tax paid	(356)	(174)
Cash flow from operating activities	(22,330)	4,687
Purchases of investments	(45,501)	(39,531)
Proceeds from sales, maturities and redemptions of investments	54,199	30,994
Purchases of investment property	(49)	(32)
Proceeds from sales of investment property	3	12
Investments in associates and joint ventures	(27)	(4)
Proceeds from sales of associates and joint ventures	3	
Purchases of property, plant and equipment	(230)	(141)
Proceeds from sales of property, plant and equipment	15	19
Acquisition of subsidiaries, net of cash acquired	(285)	(60)
Divestments of subsidiaries, net of cash sold	(16)	55
Purchases of intangible assets	(140)	(29)
Change in scope of consolidation	(6)	48
Cash flow from investing activities	7,966	(8,669)
Proceeds from the issuance of debt certificates	39,680	72,125
Payment of debt certificates	(19,324)	(65,316)
Proceeds from the issuance of subordinated liabilities	1,743	1,324
Payment of subordinated liabilities	(614)	(490)
Proceeds from the issuance of other borrowings	1,336	766
Payment of other borrowings	(1,543)	(2,488)
Purchases of treasury shares		
Proceeds from sales of treasury shares		
Dividends paid to shareholders of the parent company	(225)	
Dividends paid to minority interests	(6)	(14)
Cash flow from financing activities	21,047	5,907
Effect of exchange rate differences on cash and cash equivalents	105	(230)
Net increase (decrease) of cash and cash equivalents	6,788	1,695
Cash and cash equivalents at 1 January	20,792	25,594
Cash and cash equivalents at 30 June	27,580	27,289
Supplementary disclosure of operating cash flow information		
Interest received	38,956	33,322
Dividend received from investments	60	73
Interest paid	(35,424)	(30,600)

General Notes

1 Summary accounting policies and principles of consolidation

1.1 Basis of accounting

The Fortis Bank Consolidated Interim Financial Statements for the first half year of 2007, including the 2006 comparative figures, have been prepared in accordance with IAS 34, *Interim Financial Reporting*, and include condensed financial statements (balance sheet, income statement, statement of changes in equity, cash flow statement) and selected explanatory notes. The Fortis Bank Consolidated Interim Financial Statements should be read in conjunction with the audited Fortis Bank Consolidated Financial Statements 2006 (including the accounting policies) which are available at http://www.fortis.com/debtinvestors/creditanalystservice_subsidaries.asp.

1.2 Changes in accounting policies

The accounting policies used to prepare the Consolidated Interim Financial Statements for the first half year of 2007 are consistent with those applied in the Fortis Bank Consolidated Financial Statements for the year ended 31 December 2006. A more extensive description of the accounting policies is included in the Fortis Bank Consolidated Financial Statements 2006.

No new Standards or Interpretations were published by the IASB during the first half year of 2007.

On 1 June 2007 the European Union endorsed the two following IFRICs:

- IFRIC 10, *Interim Financial Reporting and Impairment*. This interpretation prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. The accounting policies of Fortis Bank were already in line with this interpretation
- IFRIC 11, *IFRS 2: Group and Treasury Share Transaction*, applicable as from the financial year 2008. This interpretation provides further guidance on the implementation of IFRS 2, *Share-based Payment*. Fortis Bank is still evaluating the effect of this interpretation for implementation in 2008.

1.3 Accounting estimates

The preparation of the Consolidated Interim Financial Statements in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying these accounting policies. Actual results may differ from these estimates and judgemental decisions. Interim results are not necessarily indicative for full-year results.

Judgements and estimates are principally made in the following areas:

- estimation of the recoverable amount of impaired assets
- determination of fair values of unquoted 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.

1.4 Determination of accounting policies

IFRS allows in certain cases the application of different options. The following options were chosen by Fortis Bank:

- **Trade date accounting:** 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.
- **Investment property, real estate held for own use, fixed assets and intangible fixed assets** are measured at cost less accumulated depreciation and any accumulated impairment losses.
- **Investments in joint ventures** are accounted for using the equity method.
- Fortis Bank uses three types of **hedges**: fair value hedges, cash flow hedges and net investment hedges. Fair value hedge accounting is applied as from 1 January 2005 for portfolio hedges of interest rate risk ('macro hedging'). In this context, the 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.
- At initial recognition or first-time adoption of IFRS, Fortis Bank has irrevocably designated some **financial assets and liabilities 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.
- **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.
- **Pensions:** under IFRS, Fortis Bank uses the corridor approach, i.e. not recording actuarial differences within defined limits.

1.5 Segment reporting

On 12 October 2006 Fortis announced organisational changes to support the evolution of its growth strategy. The modified organisation is operational since 1 January 2007.

The primary format for reporting segment information is based on business segments. Fortis Bank is organised on a worldwide basis into two businesses, further subdivided into business segments:

Retail Banking

- Retail Banking Network
- Retail Banking Asset Management

Merchant and Private Banking

- Merchant and Private Banking Clients
- Merchant and Private Banking Skills

Activities not related to Banking and elimination differences are reported separately from the Banking activities.

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

- Benelux (Belgium, the Netherlands, Luxemburg)
- Other European countries
- North America
- Asia
- Other

1.6 Scope of consolidation

The Consolidated Interim Financial Statements include those of the S.A. – N.V. Fortis Banque - Fortis Bank and its subsidiaries.

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.

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 whereby Fortis Bank has significant influence, but which it does not control – are accounted for using the equity method.

1.7 Presentation and disclosures

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

Where IFRS allows a choice or is not descriptive in presentation or disclosures, Fortis Bank opted for the following:

- **Interest on assets and liabilities held for trading and derivatives** are reported in the interest margin.
- **Dividends received** are included in investment income.
- **Realised and unrealised results on assets and liabilities held for trading** are included in 'Other realised and unrealised gains and losses'.
- **Changes in the clean fair value** (i.e. excluding the interest accruals) **of derivatives** are also reported under 'Other realised and unrealised gains and losses'.
- **Cash flow statement:** Fortis Bank reports cash flows from operating activities using the indirect method. Interest received and interest paid, are presented as cash flows from operating activities. Dividends paid are classified as cash flows from financing activities, dividends received are classified as cash flow from operating activities.

2 Acquisitions and disposals

The following major acquisitions and disposals were made in 2007 and 2006:

2.1 Dominet

Fortis Bank finalised on 22 March the acquisition of 100% of the shares of Dominet SA, the parent company of Dominet Bank SA. Dominet is a full-service retail bank with 869 employees and a modern nation-wide branch network in Poland. It occupies a strong position in the car finance segment and has a fast-growing portfolio of cash loans. Dominet also supplies other banking products to retail customers. The acquisition price was EUR 241 million and the goodwill was EUR 222 million at acquisition date. The initial accounting for the acquisition, involving identifying and determining the fair values of the assets, liabilities, contingent liabilities and the cost of the acquisition, including directly attributable costs to the transaction, was continued in the second quarter and will be finalised before the end of the third quarter.

The primary factors contributing to the recognition of goodwill are the valuation of the distribution channel, the client relations, and the relations with the franchises.

The impact of the acquisition of Dominet on Fortis Bank's consolidated balance sheet was at acquisition date as follows:

Assets	Liabilities	
Cash and cash equivalents	10 Due to banks	92
Due from banks	26 Due to customers	260
Due from customers	267 Debt certificates	8
Investments	60 Subordinated liabilities	8
Property, plant and equipment	20 Accrued interest and other liabilities	22
Intangibles	227 Total liabilities	390
Accrued interest and other assets	21 Cost price	241
Total assets	631 Total liabilities and minority interests	631

Intangibles include an amount of EUR 222 million for goodwill. Dominet realized a loss of EUR 1 million during the first half year of 2007.

2.2 Other acquisitions

<i>Acquired company</i>	<i>Quarter of acquisition</i>	<i>Acquisition amount</i>	<i>Percentage acquired</i>	<i>Capitalised intangible assets</i>	<i>Goodwill/ (negative goodwill)</i>	<i>Segment</i>
Dreieck Industrie Leasing AG	Q1 2006	64	100	29	4	Merchant & Private Banking
O'Connor & Company	Q1 2006	58	100	0	14	Merchant & Private Banking
Von Essen KG Bankgesellschaft	Q1 2006	93	100	3	31	Retail Banking
FEMT and FBECC	Q4 2006	356	100	0	138	Merchant & Private Banking
Cadogan	Q4 2006	119	70	0	116	Retail Banking

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

Detailed information on the acquisition of Fortis Energy Marketing & Trading (FEMT), FB Energy Canada, Corp. (FBECC) and Cadogan is provided in the Fortis Bank Consolidated Financial Statements 2006.

Fortis Bank announced on 5 October 2006, that it has signed a final agreement with An Post, the Irish postal service, for the creation of a joint venture, called Postbank Ireland Ltd, through which a broad range of financial products and services will be offered to the Irish market. The new bank is a 50/50 partnership between An Post and Fortis Bank, with an initial capital of EUR 112 million. The European Commission approved Fortis Bank's joint venture with An Post on 12 January 2007. On 18 April the Irish Financial regulator granted a banking license to An Post Financial Services and the joint venture was effectively launched at 1 May 2007. In accordance with Fortis Bank Accounting Policies, this investment in a joint venture is accounted for using the equity method and is reported in the section Investments in associated and joint ventures.

On 19 April 2007, Fortis Bank acquired Captive Finance Limited, a finance company specialised in vendor lease financing with a strong position in the technology sector, for a total cash consideration of EUR 31 million. The initial acquisition accounting is still ongoing and will be finalised in the third quarter.

2.3 Disposals

Fortis Bank made no major disposals in 2007.

In 2006 Fortis Bank sold its participation in Fortis Bank Insurance.

At 30 June 2007 as well as at 31 December 2006, Fortis Bank had no assets or operations to which IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, applied.

3 Supervision and solvency

As a financial institution, Fortis Bank is subject to regulatory supervision. Fortis Bank is supervised 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 requirement for total qualifying capital must be maintained at a minimum of 8% of risk-weighted commitments.

	<i>30 June 2007</i>	<i>31 December 2006</i>
Credit risk	254,273	221,633
Market risk	20,325	18,471
Risk-weighted commitments	274,598	240,104
Tier 1 ratio	6.7%	7.1%
Total capital ratio	10.7%	11.1%

Explanatory notes to the balance sheet

4 Assets and liabilities held for trading

4.1 Assets held for trading

The following table provides a specification of Assets held for trading.

	<i>30 June 2007</i>	<i>31 December 2006</i>
Securities held for trading:		
Treasury bills and other eligible bills	4,664	2,533
Debt securities:		
- Government bonds	9,227	7,354
- Corporate debt securities	11,412	7,631
- Mortgage-backed securities	2,510	2,254
- Other asset-backed securities	2,707	2,681
Equity securities	35,482	26,533
Total trading securities	66,002	48,986
Derivatives financial instruments		
Over the counter (OTC)	31,779	21,027
Exchange traded	361	523
Total trading derivatives	32,140	21,550
Other assets held for trading	452	99
Total assets held for trading	98,594	70,635

4.2 Liabilities held for trading

The table below shows the composition of Liabilities held for trading.

	<i>30 June 2007</i>	<i>31 December 2006</i>
Short security sales	69,081	39,922
Derivative financial instruments:		
Over the counter (OTC)	30,902	24,016
Exchange traded	537	320
Total derivatives held for trading	31,439	24,336
Other liabilities held for trading	28	
Total liabilities held for trading	100,548	64,258

5 Due from banks

Due from banks consists of the following:

	<i>30 June 2007</i>	<i>31 December 2006</i>
Interest-bearing deposits	13,128	4,964
Loans and advances	6,596	5,613
Reverse repurchase agreements	61,166	49,592
Securities lending transactions	45,082	24,425
Mandatory reserve deposits with central banks	7,966	4,603
Held at fair value through profit or loss	74	101
Other	196	139
Total	134,209	89,438
Less impairments:		
- specific credit risk	(13)	(17)
- incurred but not reported (IBNR)	(9)	(8)
Due from banks	134,187	89,413

The impairments for specific credit risk and incurred but not reported (IBNR) on credit commitments to banks were below EUR 1 million at 30 June 2007 and at 31 December 2006.

6 Due from customers

The composition of Due from customers is as follows:

	<i>30 June 2007</i>	<i>31 December 2006</i>
Government and official institutions	5,159	5,313
Residential mortgage	91,570	89,322
Consumer loans	11,604	10,226
Commercial loans	127,022	110,650
Reverse repurchase agreements	35,103	37,649
Securities lending transactions	44,902	22,091
Finance lease receivables	10,772	10,000
Factoring	1,911	1,532
Other loans	739	548
Loans available for sale	465	28
Held at fair value through profit or loss	1,168	1,358
Fair value adjustment from hedge accounting	(1,868)	(639)
Total	328,547	288,078
Less impairments:		
- specific credit risk	(1,752)	(1,876)
- incurred but not reported (IBNR)	(337)	(325)
Due from customers	326,458	285,877

The impairments on credit commitments to customers are as follows:

	<i>30 June 2007</i>	<i>31 December 2006</i>
<i>30 June 2007</i>		
- Specific credit risk	124	149
- Incurred but not reported (IBNR)	76	80
Total impairments	200	229

7 Investments

The composition of Investments is as follows:

	30 June 2007	31 December 2006
Investments:		
- Held to maturity	4,463	4,505
- Available for sale	117,383	127,895
- Held at fair value through profit or loss	3,360	3,535
- Investment property	652	605
- Associates and joint ventures	1,553	1,352
Total gross	127,411	137,892
Impairments:		
- on investments available for sale	(69)	(77)
- on investment property	(5)	(5)
Total impairments	(74)	(82)
Total	127,337	137,810

7.1 Investments available for sale

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

	<i>Historical/ amortised cost</i>	<i>Fair value adjustment from hedge accounting</i>	<i>Impairments</i>	<i>Gross unrealised gains</i>	<i>Gross unrealised losses</i>	<i>Fair values</i>
30 June 2007						
Treasury bills and other eligible bills	161					161
Government bonds	50,980	(306)	(4)	428	(1,252)	49,846
Corporate debt securities	28,142	(47)	(1)	112	(253)	27,952
Mortgage-backed securities	12,544	(6)		19	(14)	12,542
Other asset-backed securities	23,616	(5)	(6)	63	(59)	23,608
Private equities and venture capital	172		(5)	34	(1)	199
Equity securities	1,939	(16)	(32)	742	(137)	2,495
Other investments	315		(21)	214	(2)	507
Total	117,869	(380)	(69)	1,612	(1,718)	117,314
31 December 2006						
Treasury bills and other eligible bills	591					591
Government bonds	63,957	(281)	(4)	255	(69)	63,858
Corporate debt securities	26,127	(19)	(1)	29	(65)	26,071
Mortgage-backed securities	9,779	(6)		24	(1)	9,796
Other asset-backed securities	24,043	(5)	(7)	68	(1)	24,098
Private equities and venture capital	143		(5)	28	(1)	165
Equity securities	2,016	(6)	(35)	575	2	2,552
Other investments	495		(25)	217		687
Total	127,151	(317)	(77)	1,196	(135)	127,818

7.2 Net unrealised gains and losses on Available for sale investments included in equity

	30 June 2007	31 December 2006
Available for sale investments in equity securities and other investments :		
Carrying amount	3,207	3,404
Gross unrealised gains and losses	853	821
- Related tax	(96)	(100)
Net unrealised gains and losses	757	721
Available for sale investments in debt securities:		
Carrying amount	114,107	124,414
Gross unrealised gains and losses	(959)	240
- Related tax	323	(64)
Net unrealised gains and losses	(636)	176

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

7.3 Investments held at fair value through profit or loss

The following table provides information about the Investments that are held at fair value and for which unrealised gains or losses are recorded through profit or loss.

	<i>30 June 2007</i>	<i>31 December 2006</i>
Treasury bills and other eligible bills		
Government bonds		
Corporate debt securities	64	62
Mortgage-backed securities	137	136
Other asset-backed securities	2,040	2,309
Private equities and venture capital	876	812
Equity securities	156	128
Other investments	87	88
Total investments held at fair value through profit or loss	3,360	3,535

7.4 Real estate

The fair value of real estate, held as investment as well as for own use, is set out below.

	<i>30 June 2007</i>	<i>31 December 2006</i>
Fair values:		
Investment property	783	704
Real estate for own use	1,806	1,811
Total fair value	2,589	2,515
Carrying amount:		
Investment property	647	600
Own use	1,438	1,439
Total carrying amount	2,085	2,039
Gross unrealised gain/loss	504	476
Taxation	(161)	(151)
Net unrealised gain/loss (not recognised in equity)	343	325

8 Due to banks

The table below shows the components of Due to banks.

	<i>30 June 2007</i>	<i>31 December 2006</i>
Deposits from banks:		
Demand deposits	6,871	7,304
Time deposits	96,441	75,291
Other deposits	473	145
Total deposits	103,785	82,740
Repurchase agreements	68,725	61,526
Securities borrowing	32,188	19,086
Advances against collateral	12,000	12,500
Held at fair value through profit or loss	378	439
Other	761	870
Total due to banks	217,837	177,161

9 Due to customers

The composition of Due to customers is as follows:

	<i>30 June 2007</i>	<i>31 December 2006</i>
Demand deposits	85,415	76,127
Saving deposits	53,867	55,720
Time deposits	90,102	74,770
Other deposits	214	229
Total deposits	229,598	206,846
Repurchase agreements	44,545	48,391
Securities borrowing	3,172	4,271
Other borrowings	436	504
Held at fair value through profit or loss	40	44
Fair value hedge adjustments		
Total due to customers	277,791	260,056

Explanatory notes to the income statement

10 Interest income

The breakdown of Interest income by type of product is as follows:

	<i>First half year 2007</i>	<i>First half year 2006</i>	<i>Second quarter 2007</i>	<i>Second quarter 2006</i>
Interest income on cash equivalents	520	354	315	193
Interest income on due from banks	4,155	3,349	2,212	1,955
Interest income on investments	2,768	2,616	1,372	1,353
Interest income on due from customers	7,880	7,124	4,018	3,671
Interest income on derivatives held for trading	25,253	19,206	13,121	9,919
Other interest income	1,706	1,318	945	750
Total interest income	42,282	33,967	21,983	17,841

11 Realised capital gains and losses on investments

Realised capital gains and losses on investments are broken down as follows:

	<i>First half year 2007</i>	<i>First half year 2006</i>	<i>Second quarter 2007</i>	<i>Second quarter 2006</i>
<i>First half year 2007</i>				
Debt securities	45	4	55	(28)
Equity securities	395	241	183	33
Real estate	3	11	1	8
Subsidiaries, associates and joint ventures	13	1,348	11	2
Other		1		1
Realised capital gains (losses) on investments	456	1,605	250	16

12 Other realised and unrealised gains and losses

Other realised and unrealised gains and losses as included in the income statement are presented below.

	<i>First half year 2007</i>	<i>First half year 2006</i>	<i>Second quarter 2007</i>	<i>Second quarter 2006</i>
Assets/liabilities held for trading	721	505	387	297
Assets and liabilities held at fair value through profit or loss	81	353	39	246
Hedging results	100	214	50	105
Other	28	(66)	28	(65)
Other realised and unrealised gains and losses	930	1,006	504	583

13 Fee and commission income

Fee and commission income were as follows:

	<i>First half year 2007</i>	<i>First half year 2006</i>	<i>Second quarter 2007</i>	<i>Second quarter 2006</i>
<i>First half year 2007</i>				
Securities	504	480	261	254
Insurance	217	172	112	94
Asset management	709	598	371	282
Payment services	244	228	126	117
Guarantees and commitment fees	144	137	71	69
Other service fees	195	202	105	103
Other				
Total fee and commission income	2,013	1,817	1,045	919

14 Interest expense

The following table shows the breakdown of Interest expense by product.

	<i>First half year 2007</i>	<i>First half year 2006</i>	<i>Second quarter 2007</i>	<i>Second quarter 2006</i>
<i>First half year 2007</i>				
Interest expenses due to banks	4,499	4,222	2,079	2,310
Interest expenses due to customers	5,362	4,439	2,957	2,290
Interest expenses on debt certificates	2,382	1,529	1,300	814
Interest expenses on subordinated liabilities	357	326	184	156
Interest expenses on other borrowings	94	259	45	159
Interest expenses on liabilities held for trading and derivatives	25,972	19,564	13,505	10,054
Interest expenses on other liabilities	961	985	517	715
Total interest expenses	39,627	31,324	20,587	16,498

15 Change in impairments

Change in impairments were as follows:

	<i>First half year 2007</i>	<i>First half year 2006</i>	<i>Second quarter 2007</i>	<i>Second quarter 2006</i>
<i>First half year 2007</i>				
Due from banks	3	2		2
Due from customers	53	68	38	59
Credit commitments - customers	(35)	(22)	(42)	(20)
Investments in debt securities		(1)		(1)
Investments in equity securities and other	8		7	
Investment property				
Other receivables	1		1	
Goodwill and other intangible assets				
Accrued interest and other assets	6	3	5	1
Total change in impairments	36	50	10	41

Explanatory note on segment reporting

16 Information on segments

16.1 General information

Fortis Bank is an international financial services provider. The primary format for segment reporting is based on businesses.

In October 2006 Fortis announced a new organisational structure to support the evolution of its growth strategy. The new structure was implemented on 1 January 2007. The 2006 figures have been changed for comparison purposes.

Fortis Bank is now organised on a world-wide basis into two businesses which are further subdivided into business segments (for details see below):

- Retail Banking
- Merchant & Private Banking.

Activities not related to the Banking businesses and elimination differences are reported separately.

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

Segment information is prepared based on the same accounting policies as those used in preparing and presenting Fortis Bank's Consolidated Financial Statements (as described in note 1) and by applying appropriate allocation rules.

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

16.2 Banking

Retail Banking

Retail Banking consists of the business segments Network and Asset Management.

Retail Banking Network

Retail Banking Network offers financial services to retail customers including individuals, self-employed people, members of the independent professions and small businesses, through the international Retail Banking business. Fortis Bank operates through a variety of distributions channels in the Benelux countries to deliver service and advice on every aspect of individual banking, saving, investment, credit and insurance.

Turkey is served by a comprehensive and tailored product offering. In Germany the focus is on credit cards and consumer lending. Affluent customers and small businesses are the target groups of Fortis Bank Poland, which is also rolling out a consumer finance business in this market. In Ireland a financial services joint venture with An Post has been established.

Retail Banking Asset Management

Fortis Bank carries out asset management activities, mainly through Fortis Investments, acting as a multi-centre, multi-product asset management firm. Based in Europe, Fortis Investments has a global presence with both sales offices and some key investment centres in Europe, the US and Asia. Activities range from institutional portfolio management to the development and management of mutual funds.

Merchant & Private Banking

Merchant & Private Banking encompasses a wide range of banking products and skill-oriented financial services for large international companies and institutional clients, medium-sized enterprises and entrepreneurs, and private banking clients. Merchant & Private Banking is organised according to a Clients-Skills structure.

Merchant & Private Banking Clients

The client coverage model includes Corporate, Institutional & Public Banking, Commercial Banking, ECT (Energy, Commodities and Transportation) and Private Banking.

Corporate, Institutional & Public Banking is responsible for the global relationship management of corporate, institutional and public-sector clients. Commercial Banking aims to be the partner of choice for Europe-oriented medium-sized enterprises by offering value-added solutions through a cohesive network of Business Centres. Within ECT, Fortis Bank offers financial solutions to the industry sectors Energy, Commodities and Transportation. Private Banking offers integrated, worldwide asset and liability management solutions to high net worth individuals, their businesses and their advisors.

Merchant & Private Banking Skills

Merchant & Private Banking is organised around Skills units delivering high added value products and services potentially to all client segments. Skills include Global Markets, Clearing, Funds & Custody, Investment Banking and Specialised Financial Services.

Global Markets performs all trading, sales and research activities. Clearing, Funds & Custody offers financial services in custody, clearing and fund administration that support the trading and investment activities of financial professionals.

Investment Banking offers a wide variety of financial services, including corporate finance, structural finance and private equity. Specialised Financial Services consists of leasing, commercial finance, global trade services, cash management, trust and corporate services.

Other Banking

Balance sheet items, revenues and costs for support functions, operations and Asset and Liability Management (ALM) are reported in this section. The figures reported are those after allocation to the business segments.

Fortis Hypotheek Bank, Belgolaise and some other Fortis Bank companies are also reported in Other Banking.

Allocation rules

Segment reporting within the Banking segments makes use of balance sheet allocation rules, balance sheet squaring mechanisms, a fund transfer pricing system, rebilling of support and operation expenses and overhead allocation.

The balance sheet allocation and squaring methodology aims at reporting information on segments to reflect Fortis's business model.

Under Fortis Bank's business model, segments do not act as their own treasurer in bearing the interest rate risk, the foreign exchange risk and the liquidity risk, by funding their own assets with their own liabilities, or by having direct access to the financial markets. The interest, currency and liquidity risks are removed by transferring them from the segments to the internal central bankers. This is reflected in the fund transfer pricing system. A key role in this system is attributed to Asset and Liability Management (ALM). The results of ALM are allocated to the segments based on the regulatory capital used and the interest margin generated within the segments.

Support and operations departments provide services to the segments. These services include human resources and information technology. The costs and revenues of these departments are charged to the segments via a rebilling system on the basis of service level agreements (SLAs) reflecting the economic consumption of the products and services provided. SLAs ensure that the costs and revenues are charged based on actual use and at standard rates. Differences between the actual costs and the rebilled costs based on standard tariffs are passed through to the business segments in a final allocation.

16.3 Balance sheet by segment

30 June 2007

	<i>Retail Banking Network</i>	<i>Retail Banking Asset Management</i>	<i>Merchant & Private Banking Clients</i>	<i>Merchant & Private Banking Skills</i>	<i>Other Banking</i>	<i>Eliminations</i>	<i>Total Banking</i>
Assets							
Cash and cash equivalents	1,115	1,038	2,739	76,139	42,829	(96,280)	27,580
Assets held for trading	138	22	129	99,241	(856)	(80)	98,594
Due from banks	28,450	20	48,293	249,878	108,462	(312,049)	134,187
Due from customers	159,154	9	168,167	188,218	126,657	(322,184)	326,458
Investments:							
- Held to maturity					4,463		4,463
- Available for sale	181	45	155	66,438	54,169	(3,674)	117,314
- Held at fair value through profit or loss			37	3,110	708	(495)	3,360
- Investment property			18	549	120	(40)	647
- Investments in associates and joint ventures	138	42	22	993	358		1,553
	319	87	231	71,089	59,820	(4,209)	127,337
Trade and other receivables	52	122	2,258	26,528	(16,051)	(6,369)	6,540
Property, plant and equipment	46	33	54	183	3,606	(1,734)	2,188
Goodwill and other intangible assets	579	145	59	313	445	(186)	1,355
Accrued interest and other assets	1,055	116	3,082	78,231	16,263	(8,135)	90,612
Total assets	190,907	1,592	225,011	789,820	358,746	(751,225)	814,851
Liabilities							
Liabilities held for trading	138		110	100,087	276	(63)	100,548
Due to banks	32,143	776	65,765	343,279	184,517	(408,643)	217,837
Due to customers	140,052	240	156,424	177,009	116,807	(312,741)	277,791
Debt certificates	404		182	74,133	36,741	(2,517)	108,943
Subordinated liabilities	67	40	292	1,785	13,853	(1,001)	15,036
Other borrowings	16		344	2,974	(626)	(736)	1,972
Provisions	92	1	209	53	773	(473)	655
Current and deferred tax liabilities	79	35	126	461	999	(71)	1,629
Accrued interest and other liabilities	17,917	502	1,559	90,040	(12,567)	(24,980)	72,471
Total liabilities	190,907	1,592	225,011	789,820	340,777	(751,225)	796,882
Shareholders' equity					17,750		17,750
Minority interests					219		219
Total equity					17,969		17,969
Total liabilities and total equity	190,907	1,592	225,011	789,820	358,746	(751,225)	814,851
Due from external customers	80,004	9	115,786	110,088	34,996	(20,862)	326,458
Due from customers internal	79,150		52,381	78,130	91,661	(301,322)	
Due from customers	159,154	9	168,167	188,218	126,657	(322,184)	326,458
Due to external customers	95,850	240	82,858	97,683	6,975	(5,815)	277,791
Due to customers internal	44,202		73,567	79,326	109,831	(306,926)	
Due to customers	140,052	240	156,424	177,009	116,807	(312,741)	277,791

31 December 2006

	Retail Banking Network	Retail Banking Asset Management	Merchant & Private Banking Clients	Merchant & Private Banking Skills	Other Banking	Eliminations	Total Banking
Assets							
Cash and cash equivalents	1,106	976	2,627	63,217	39,678	(86,812)	20,792
Assets held for trading	5	21	114	70,858	697	(1,060)	70,635
Due from banks	24,750		41,436	205,259	104,090	(286,122)	89,413
Due from customers	153,233	23	135,141	161,106	118,222	(281,848)	285,877
Investments:							
- Held to maturity					4,505		4,505
- Available for sale	177	48	96	76,108	53,132	(1,743)	127,818
- Held at fair value through profit or loss			25	3,333	609	(432)	3,535
- Investment property			4	513	138	(55)	600
- Investments in associates and joint ventures	106	18	22	975	231		1,352
	283	66	146	80,929	58,616	(2,230)	137,810
Trade and other receivables	23	221	2,251	5,465	1,472	(3,327)	6,105
Property, plant and equipment	53	33	66	215	3,453	(1,667)	2,153
Goodwill and other intangible assets	329	131	58	304	259	(101)	980
Accrued interest and other assets	1,089	80	2,076	53,202	13,704	(9,225)	60,926
Total assets	180,872	1,550	183,916	640,556	340,189	(672,392)	674,691
Liabilities							
Liabilities held for trading		1	91	64,823	1,066	(1,723)	64,258
Due to banks	28,560	591	59,753	303,076	164,436	(379,255)	177,161
Due to customers	133,599	521	122,925	150,537	127,277	(274,803)	260,056
Debt certificates	463		65	60,146	32,693	(3,007)	90,360
Subordinated liabilities	78	40	423	1,403	17,253	(5,117)	14,080
Other borrowings	25		248	1,072	1,295	(462)	2,178
Provisions	99	1	242	47	790	(462)	717
Current and deferred tax liabilities	79	25	95	828	814	(372)	1,469
Accrued interest and other liabilities	17,969	372	75	58,625	(22,687)	(6,840)	47,514
Total liabilities	180,872	1,550	183,916	640,556	322,941	(672,042)	657,793
Shareholders' equity					17,050	(350)	16,700
Minority interests					198		198
Total equity					17,248	(350)	16,898
Total liabilities and total equity	180,872	1,550	183,916	640,556	340,189	(672,392)	674,691
Due from external customers	77,886	23	96,525	92,234	33,693	(14,484)	285,877
Due from customers internal	75,347		38,616	68,872	84,530	(267,365)	
Due from customers	153,233	23	135,141	161,106	118,222	(281,848)	285,877
Due to external customers	91,201	521	67,093	91,380	12,648	(2,787)	260,056
Due to customers internal	42,399		55,832	59,157	114,628	(272,016)	
Due to customers	133,599	521	122,925	150,537	127,277	(274,803)	260,056

16.4 Income statement by segment

First half year 2007

	Retail Banking Network	Retail Banking Asset Management	Merchant & Private Banking Clients	Merchant & Private Banking Skills	Other Banking	Eliminations	Total Banking
Income							
Interest income	5,458	14	4,799	47,711	8,267	(23,967)	42,282
Interest expense	(4,153)	(19)	(3,880)	(47,321)	(8,219)	23,965	(39,627)
Net interest income	1,305	(5)	919	390	48	(2)	2,655
Fee and commission income	654	464	487	526	57	(176)	2,013
Fee and commission expense	(111)	(263)	(49)	(211)	(64)	174	(523)
Net fee and commission income	543	201	438	315	(5)	(2)	1,490
Dividend, share in result of associates and joint ventures and other investment income	9	4	5	74	59		152
Realised capital gains (losses) on investments	4	1	24	107	320		456
Other realised and unrealised gains and losses	24	5	9	718	174		930
Other income	349	2	201	83	(480)	(22)	133
Total income, net of interest expense	2,234	208	1,596	1,687	118	(26)	5,816
Change in impairments	(52)		51	(27)	(8)		(36)
Net revenues	2,182	208	1,647	1,660	109	(26)	5,780
Expenses							
Staff expenses	(566)	(80)	(317)	(342)	(421)	(209)	(1,934)
Depreciation and amortisation of tangible and intangible assets	(9)	(6)	(7)	(26)	(120)	(11)	(179)
Other expenses	(224)	(44)	(103)	(182)	(624)	(103)	(1,280)
Allocation expense	(659)	(5)	(419)	(303)	1,037	349	
Total expenses	(1,458)	(135)	(846)	(853)	(126)	26	(3,393)
Profit before taxation	724	73	801	807	(18)		2,387
Income tax expense	(141)	(18)	(152)	(12)	12		(312)
Net profit for the period	583	55	649	795	(7)		2,075
Net profit attributable to minority interests		2		1	6		9
Net profit attributable to shareholders	583	53	649	794	(13)		2,066
Net revenues from external customers	1,262	214	1,975	193	2,136		5,780
Net revenues internal	920	(6)	(328)	1,467	(2,027)	(26)	
Net revenues	2,182	208	1,647	1,660	109	(26)	5,780

First half year 2006

	Retail Banking Network	Retail Banking Asset Management	Merchant & Private Banking Clients	Merchant & Private Banking Skills	Other Banking	Eliminations	Total Banking
Income							
Interest income	5,278	14	3,596	34,900	7,443	(17,264)	33,967
Interest expense	(3,927)	(14)	(2,863)	(34,435)	(7,349)	17,264	(31,324)
Net interest income	1,351		733	465	94		2,643
Fee and commission income	634	383	435	464	58	(157)	1,817
Fee and commission expense	(110)	(217)	(40)	(137)	(54)	153	(405)
Net fee and commission income	524	166	395	327	4	(4)	1,412
Dividend, share in result of associates and joint ventures and other investment income	10	2	12	60	84	(2)	166
Realised capital gains (losses) on investments	6		46	30	1,523		1,605
Other realised and unrealised gains and losses	21	2	24	664	295		1,006
Other income	393	2	215	86	(539)	(13)	144
Total income, net of interest expense	2,305	172	1,425	1,632	1,461	(19)	6,976
Change in impairments	(73)		42	(15)	(4)		(50)
Net revenues	2,232	172	1,467	1,617	1,457	(19)	6,926
Expenses							
Staff expenses	(537)	(71)	(266)	(265)	(441)	(169)	(1,749)
Depreciation and amortisation of tangible and intangible assets	(14)	(4)	(6)	(18)	(119)	(7)	(168)
Other expenses	(180)	(30)	(90)	(176)	(570)	(44)	(1,090)
Allocation expense	(661)	(5)	(357)	(191)	975	239	
Total expenses	(1,392)	(110)	(719)	(650)	(155)	19	(3,007)
Profit before taxation	840	62	748	967	1,302		3,919
Income tax expense	(226)	(18)	(179)	(99)	3		(519)
Net profit for the period	614	44	569	868	1,305		3,400
Net profit attributable to minority interests				3	3		6
Net profit attributable to shareholders	614	44	569	865	1,302		3,394
Net revenues from external customers	1,216	174	1,504	848	3,184		6,926
Net revenues internal	1,016	(2)	(37)	769	(1,727)	(19)	
Net revenues	2,232	172	1,467	1,617	1,457	(19)	6,926

Second quarter 2007

	Retail Banking Network	Retail Banking Asset Management	Merchant & Private Banking Clients	Merchant & Private Banking Skills	Other Banking	Eliminations	Total Banking
Income							
Interest income	2,840	6	2,586	24,887	3,590	(11,926)	21,983
Interest expense	(2,197)	(9)	(2,105)	(24,611)	(3,589)	11,924	(20,587)
Net interest income	643	(3)	481	276	1	(2)	1,396
Fee and commission income	318	240	258	284	30	(86)	1,045
Fee and commission expense	(54)	(136)	(23)	(118)	(34)	(85)	(281)
Net fee and commission income	262	104	235	166	(2)	(1)	764
Dividend, share in result of associates and joint ventures and other investment income	4	3	4	41	39	(2)	90
Realised capital gains (losses) on investments		1	1	61	187		250
Other realised and unrealised gains and losses	13	2	12	348	129		504
Other income	219	1	128	50	(316)	(14)	68
Total income, net of interest expense	1,141	108	861	942	39	(19)	3,072
Change in impairments	(19)		40	(27)	(4)		(10)
Net revenues	1,122	108	901	915	35	(19)	3,062
Expenses							
Staff expenses	(279)	(42)	(178)	(176)	(210)	(107)	(992)
Depreciation and amortisation of tangible and intangible assets	(1)	(2)	(5)	(15)	(61)	(6)	(90)
Other expenses	(110)	(23)	(65)	(89)	(293)	(54)	(634)
Allocation expense	(313)	(3)	(213)	(166)	509	186	
Total expenses	(703)	(70)	(461)	(446)	(54)	19	(1,716)
Profit before taxation	419	38	440	469	(19)		1,346
Income tax expense	(95)	(9)	(93)	4	14		(180)
Net profit for the period	324	29	347	473	(7)		1,166
Net profit attributable to minority interests		1			3		4
Net profit attributable to shareholders	324	28	347	473	(10)		1,162
Net revenues from external customers	607	111	1,016	141	1,187		3,062
Net revenues internal	515	(3)	(115)	774	(1,152)	(19)	
Net revenues	1,122	108	901	915	35	(19)	3,062

Second quarter 2006

	Retail Banking Network	Retail Banking Asset Management	Merchant & Private Banking Clients	Merchant & Private Banking Skills	Other Banking	Eliminations	Total Banking
Income							
Interest income	2,539	7	1,901	18,251	3,735	(8,592)	17,841
Interest expense	(1,860)	(7)	(1,530)	(17,957)	(3,736)	8,592	(16,498)
Net interest income	679		371	294	(1)		1,343
Fee and commission income	317	188	233	227	28	(74)	919
Fee and commission expense	(55)	(105)	(25)	(49)	(27)	66	(195)
Net fee and commission income	262	83	208	178	1	(8)	724
Dividend, share in result of associates and joint ventures and other investment income	5	1	7	32	60	(2)	103
Realised capital gains (losses) on investments	4		1	4	7		16
Other realised and unrealised gains and losses	10	1	12	434	125		582
Other income	138	1	77	30	(173)	(3)	70
Total income, net of interest expense	1,098	86	676	972	19	(13)	2,838
Change in impairments	(51)		16	(4)	2		(41)
Net revenues	1,047	86	692	968	17	(13)	2,797
Expenses							
Staff expenses	(262)	(35)	(129)	(127)	(210)	(100)	(863)
Depreciation and amortisation of tangible and intangible assets	(9)	(2)	(3)	(8)	(59)	(4)	(85)
Other expenses	(97)	(15)	(46)	(97)	(276)	(15)	(546)
Allocated expense	(324)	(2)	(183)	(99)	476	132	
Total expenses	(692)	(54)	(361)	(331)	(69)	13	(1,494)
Profit before taxation	355	32	331	637	(52)		1,303
Income tax expense	(90)	(10)	(73)	(126)	19		(280)
Net profit for the period	265	22	258	511	(33)		1,023
Net profit attributable to minority interests				4	2		6
Net profit attributable to shareholders	265	22	258	507	(35)		1,017
Net revenues from external customers	592	86	754	446	919		2,797
Net revenues internal	455		(62)	522	(902)	(13)	
Net revenues	1,047	86	692	968	17	(13)	2,797

First quarter 2007

	Retail Banking Network	Retail Banking Asset Management	Merchant & Private Banking Clients	Merchant & Private Banking Skills	Other Banking	Eliminations	Total Banking
Income							
Interest income	2,618	8	2,213	22,824	4,677	(12,041)	20,299
Interest expense	(1,956)	(10)	(1,775)	(22,710)	(4,630)	12,041	(19,040)
Net interest income	662	(2)	438	114	47		1,259
Fee and commission income	336	224	229	242	27	(90)	968
Fee and commission expense	(55)	(127)	(26)	(93)	(30)	89	(242)
Net fee and commission income	281	97	203	149	(3)	(1)	726
Dividend, share in result of associates and joint ventures and other investment income	5	1	1	33	20	2	62
Realised capital gains (losses) on investments	4		23	46	133		206
Other realised and unrealised gains and losses	11	3	(3)	370	45		426
Other income	130	1	73	33	(165)	(8)	64
Total income, net of interest expense	1,093	100	735	745	77	(7)	2,743
Change in impairments	(33)		11		(4)		(26)
Net revenues	1,060	100	746	745	73	(7)	2,717
Expenses							
Staff expenses	(287)	(38)	(139)	(166)	(210)	(102)	(942)
Depreciation and amortisation of tangible and intangible assets	(8)	(4)	(2)	(11)	(59)	(5)	(89)
Other expenses	(114)	(21)	(38)	(93)	(329)	(49)	(644)
Allocation expense	(346)	(2)	(206)	(137)	528	163	
Total expenses	(755)	(65)	(385)	(407)	(70)	7	(1,675)
Profit before taxation	305	35	361	338	3		1,042
Income tax expense	(46)	(9)	(59)	(16)	(2)		(132)
Net profit for the period	259	26	302	322	1		910
Net profit attributable to minority interests		1		1	3		5
Net profit attributable to shareholders	259	25	302	321	(2)		905
Net revenues from external customers	655	103	959	52	948		2,717
Net revenues internal	405	(3)	(213)	693	(875)	(7)	
Net revenues	1,060	100	746	745	73	(7)	2,717

Additional explanatory notes

17 Assets under management

Assets under management include investments for own account and funds under management. Funds under management include investments that are managed on behalf of clients, either private or institutional, and on which Fortis Bank earns a management or advice fee. Discretionary capital (capital actively managed by Fortis Bank) as well as advisory capital are included in funds under management.

Eliminations in the various tables relate to the funds under management of clients invested in funds managed by Fortis Bank that otherwise would be counted double.

The following table provides a breakdown of Assets under management by investment type and origin.

	<i>30 June 2007</i>	<i>31 December 2006</i>
Investments for own account:		
- Debt securities	120,811	131,427
- Equity securities	4,230	4,150
- Real estate	647	600
- Other	1,649	1,633
Total investments for own account	127,337	137,810
Funds under management:		
- Debt securities	116,785	114,386
- Equity securities	107,967	92,705
- Real estate	911	773
- Eliminations	(26,586)	(26,242)
Total funds under management	199,077	181,622
Total assets under management	326,414	319,432

18 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 business.

There were no significant developments in the contingent liabilities compared with the reporting at year-end 2006.

19 Post-balance sheet date events

There have been no material events after the balance sheet date that would require adjustment to the Consolidated Interim Financial Statements at 30 June 2007.

Fortis Bank has announced several acquisitions which are subject to regulatory approval and customary closing conditions and not yet included in the consolidation scope. These transactions will have no material impact on Fortis Bank's solvency.

At 19 July 2007, Fortis Bank and Tokio Marine & Nichido Fire (TMNF) announced the signing of a minority partner agreement, which sees the Japanese entity take a 5% stake in Fortis Investments – valued at EUR 80 million. This minority partner agreement forms part of Fortis's strategic plan to accelerate the development of Fortis Investments in selected markets.

On 20 July, Fortis, Royal Bank of Scotland and Banco Santander announced the publication of the offer documentation and the commencement of the offer period of their offer for ABN AMRO.

Review report

Introduction

We have reviewed the accompanying consolidated balance sheet of Fortis Bank as at 30 June 2007 and the related consolidated statements of income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with IFRSs as adopted by the European Union applicable to interim financial reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

Scope

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit.

Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not give a true and fair view of the financial position of the entity as at 30 June 2007, and of its financial performance and cash flows for the six-month period then ended in accordance with IAS 34.

Brussels, 27 August 2007

SCCRL – BCVBA
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Bedrijfsrevisoren/Reviseurs d'Entreprises

SCCRL - BCVBA
PricewaterhouseCoopers
Bedrijfsrevisoren/Reviseurs d'Entreprises

Statutory Auditor
Represented by

Statutory Auditor
Represented by

O. Macq
Partner

L. Discry
Partner