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FORTIS CAPITAL COMPANY LIMITED

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30TH JUNE 2009

21-09-2009

FORTIS CAPITAL COMPANY LIMITED

REPORT OF THE DIRECTORS

The Directors present their report and the unaudited interim financial statements for the period 1st January 2009 to 30th June 2009.

INCORPORATION
The Company was incorporated in Jersey, Channel Islands.

ACTIVITIES
The principal activity of the Company is the provision of finance to group companies of Fortis Bank Nederland (Holding) N.V.

The Company's Notes held are due to be redeemed on their scheduled maturity date of 26th June 2039 and the outstanding Preference Shares issued are redeemable quarterly after 29 June 2009.

On 3rd October 2008, the Dutch State acquired, among other businesses, the Dutch banking entity Fortis Bank Nederland (Holding) N.V. from Fortis Group. On that date, the Dutch State acquired all issued and outstanding ordinary shares and the non-cumulative convertible class B preference shares in Fortis Bank Nederland (Holding) N.V. as well as all priority shares in Fortis FBN(H) Preferred Investments B.V. which holds 150,000 non-cumulative class A preference shares in Fortis Bank Nederland (Holding) N.V.

Since 3rd October 2008, Fortis Bank Nederland (Holding) N.V. has continued to operate as an independent and commercial bank, with the Dutch State as a majority shareholder.

RESULTS AND DIVIDENDS
The profit for the period amounted to €365,224,839 (2008 loss for the year: €424,920).

The Directors do not recommend a dividend for the period (2008: € nil).

DIRECTORS
The Directors who held office during the period and subsequently were:

M. Baise	(resigned 12th March 2009)
J.G. Stokkel	
P.D. Martin	
H.C. Grant	
G.P. Essex-Cater	
J.F. van Wijck	
B. van der Plas	(appointed 12th March 2009)
W.G. Foster	(resigned 9th April 2009)
C. Ruark	(appointed 9th April 2009)
F. Chesnay	(appointed 27th August 2009)

REGISTERED OFFICE
22 Grenville Street
St. Helier
Jersey
Channel Islands
JE4 8PX

BY ORDER OF THE BOARD

Authorised Signatory
Mourant & Co. Secretaries Limited
Secretary
Date 27-08-09

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the financial statements in accordance with applicable Jersey law and International Financial Reporting Standards.

Jersey Company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the Directors are required to:

* select suitable accounting policies and then apply them consistently;
* make judgements and estimates that are reasonable and prudent;
* state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
* prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

FORTIS CAPITAL COMPANY LIMITED

BALANCE SHEET

AS AT 30TH JUNE 2009

	Notes		30th Jun 09		31st Dec 08
ASSETS					
Non-current assets					
Held-to-maturity investments	2		472,500,000		472,500,000
Current assets					
Trade and other receivables	4		130,170		31,893,962
Cash and cash equivalents	5		18,512,436		17,109,412
			18,642,606		49,003,374
TOTAL ASSETS		€	491,142,606	€	521,503,374
EQUITY AND LIABILITIES					
Capital and reserves					
Equity share capital	9		22,511		22,511
Share premium account	10		30,477,499		30,477,499
Retained earnings			372,932,928		7,894,342
TOTAL SHAREHOLDERS' EQUITY			403,432,938		38,394,352
Non-current liabilities					
Preference shares	8		87,489,000		449,582,375
			87,489,000		449,582,375
Current liabilities					
Trade and other payables	6		220,668		30,609,914
Swap agreement	3		-		1,832,632
Loans payable	7		-		1,084,101
			220,668		33,526,647
TOTAL EQUITY AND LIABILITIES		€	491,142,606	€	521,503,374

The financial statements were approved and authorised for issue by the Board of Directors on the 27 day of AUGUST 2009 and were signed on its behalf by:

Director:

(The notes on pages 7 to 20 form part of these financial statements)

FORTIS CAPITAL COMPANY LIMITED

INCOME STATEMENT

FOR THE PERIOD 1ST JANUARY 2009 TO 30TH JUNE 2009

	Notes	1st Jan 09 to 30th Jun 09	1st Jan 08 to 31st Dec 08
INCOME:			
Deposit interest income		166,967	716,405
Investment income	2	16,999,723	32,334,292
Swap agreement income	3	13,714,683	28,125,000
Gain on termination of Swap Agreement	3	1,832,632	-
Other income	8	362,511,000	-
		395,225,005	61,175,697
EXPENDITURE:			
Interest expense on Preference Shares	8	13,810,584	28,125,000
Amortisation of issue costs on Preference Shares	8	417,625	835,296
Loan interest expense		34,583	103,302
Mourant & Co. Limited - Administration fees		11,775	39,995
Mourant & Co. Limited - Management fee		1,616	1,896
Legal and professional fees		208,555	1,721
Listing fees		10,000	10,124
Audit fees		6,541	8,250
Directors fees		2,693	3,160
Annual filing fee		283	199
Exempt company fee	11	-	794
Bank charges		457	901
Swap agreement payments	3	15,680,400	30,018,566
Loss on exchange		1,307	1,209
Loss on revaluation of Swap Agreement	3	-	2,450,204
		30,186,419	61,600,617
PROFIT/(LOSS) FOR THE PERIOD/YEAR		€ 365,038,586	€ (424,920)

(The notes on pages 7 to 20 form part of these financial statements)

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD 1ST JANUARY 2009 TO 30TH JUNE 2009

		Share Capital		Share premium		Retained earnings		Total
Balance at 31st December 2008		22,511		30,477,499		7,894,342		38,394,352
Income for the period		-		-		365,038,586		365,038,586
Balance at 30th June 2009	€	22,511	€	30,477,499	€	372,932,928	€	403,432,938
Balance at 1st January 2008		22,511		30,477,499		8,319,262		38,819,272
Loss for the year		-		-		(424,920)		(424,920)
Balance at 31st December 2008	€	22,511	€	30,477,499	€	7,894,342	€	38,394,352

(The notes on pages 7 to 20 form part of these financial statements)

FORTIS CAPITAL COMPANY LIMITED

CASH FLOW STATEMENT

FOR THE PERIOD 1ST JANUARY 2009 TO 30TH JUNE 2009

	Note	1st Jan 09 to 30th Jun 09	1st Jan 08 to 31st Dec 08
Cash flows from operating activities			
(Gain)/Loss for the period/year		365,038,586	(424,920)
Decrease/(Increase) in trade and other receivables		31,763,792	(2,092,128)
(Decrease)/Increase in trade and other payables		(30,389,246)	1,989,908
(Gain)/Loss on Swap Agreement		(1,832,632)	2,450,204
Amortisation of issue costs on Preference Shares		417,625	835,296
Net cash flows from operating activities		364,998,125	2,758,360
Cash flows from financing activities			
Repayment of loans		(1,084,101)	(1,017,937)
Redemption of Preference Shares		(362,511,000)	-
Net cash flows used in financing activities		(363,595,101)	(1,017,937)
Net increase in cash and cash equivalents		1,403,024	1,740,423
Cash and cash equivalents at the beginning of the period/year		17,109,412	15,368,989
Cash and cash equivalents at the end of the period/year	5	€ 18,512,436	€ 17,109,412

(The notes on pages 7 to 20 form part of these financial statements)

21-09-2009

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1ST JANUARY 2009 TO 30TH JUNE 2009

1. ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee. The more significant accounting policies used are set out below.

Basis of measurement

The financial statements have been prepared on the historical cost basis, except for a derivative financial instrument, comprising an interest rate swap contract, which is measured at fair value.

Fundamental uncertainty

As outlined in Note 8, Preference Shares, Fortis N.V. and Fortis SA/NV alleged that they were entitled to receive compensation up to a maximum of €362,511,000 (plus interest). At the time of approving these financial statements, the Company, Fortis N.V., Fortis SA/NV and Fortis Bank Nederland (Holding) N.V., are involved in a complex legal dispute the outcome of which is impossible to predict with any level of certainty. As such, no adjustments have been made in these financial statements for this event.

Use of estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expense during the year. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The significant estimates and assumptions used by the Directors in preparation of these financial statements are in relation to the fair value calculation of the Company's financial instruments as outlined in Note 13.

Held-to-maturity investments

The Company has classified its investments as held-to-maturity investments. Investments are initially recognised at trade date at fair value on the date of purchase less transaction costs that are directly attributable to the investments. They are subsequently measured at amortised cost using the effective interest rate method less any impairment losses. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

1. ACCOUNTING POLICIES - (CONTINUED)

Swap agreement

The Swap Agreement is stated at fair value, estimated using pricing models with inputs based on market related measures. Realised and unrealised gains and losses on the Swap Agreement are recognised within the Income Statement. The Swap Agreement is derecognised when the right to receive cash flows from it has expired or the Company has transferred substantially all risks and rewards of ownership.

Preference shares

Preference Shares are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, Preference Shares are stated at amortised cost with any difference between the net proceeds on date of issue and redemption value being recognised in the Income Statement over the period of the borrowing on an effective interest rate basis. The scheduled redemption amount of the Preference Shares at the scheduled maturity dates will be the lesser of (i) the nominal amount invested; or (ii) the amount received by the Company in respect of the redemption of the Investments held by the Company. The Company derecognises Preference Shares when its contractual obligations are discharged.

The Directors have considered the characteristics of the Preference Shares, and the requirements of "Financial Instruments: Disclosure and Presentation" ("IAS 32"), and consider that the most appropriate classification of these securities is as debt within non-current liabilities. Dividends are recorded as interest expense in the Income Statement.

Impairment

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Transaction costs

Transaction costs represent costs of the issue of the Preference Shares and other formation expenses which have been deducted from the proceeds of the issue of the Preference Shares and taken into account in calculating the carrying value of the Preference Shares on an effective interest rate basis.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Foreign currency translation

a) Currency of domicile, functional currency and presentation currency
The currency of domicile is GBP (pounds sterling). Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Euro, which is the Company's functional and presentation currency.

1. ACCOUNTING POLICIES - (CONTINUED)

Foreign currency translation (continued)

b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Fair value estimations

Fair value estimations of the financial assets and liabilities are initially determined by using quoted prices. Where quoted prices are not available valuation techniques to determine fair values are used. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Valuation techniques used include the use of comparable recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants.

Investment income, interest expense and loan interest expense

Investment income, interest expense and loan interest expense are recognised in the income statement on an effective interest basis.

Swap income and swap expense

Swap income and swap expense are recognised on an effective interest basis.

Deposit interest income

Deposit interest income is recognised on an accruals basis.

Other expenses

All other expenses are recognised on an accruals basis.

Trade and other receivables and payables

Trade and other receivables and payables are measured at cost less impairment.

Loans payable

Loans payable are measured at amortised cost using the effective interest basis.

Related party disclosures

Transactions with related parties are disclosed in the primary financial statements and the notes to the financial statements.

Segmental reporting

In the Directors' opinion, there are no reportable business segments or geographical segments as the Company's activities are limited to one main business and geographical segment.

Employees

The Company had no employees during the year or the previous accounting year.

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD 1ST JANUARY 2009 TO 30TH JUNE 2009

2. HELD-TO-MATURITY INVESTMENTS	30th Jun 09	31st Dec 08
Fortis Bank Nederland (Holding) N.V.		
Class A1 Subordinated Notes	€ 472,500,000	€ 472,500,000

The Subordinated Notes (the "Notes") which were issued in 1999 under the Class A1 Subordinated Note Purchase Agreement (the "Purchase Agreement") have a term of 30 years, and represent an obligation of Fortis Bank Nederland (Holding) N.V. (the "Bank") to the Company. The Notes are subordinated and junior to the Bank's depositors and creditors in the event of bankruptcy or liquidation of the Bank.

The Class A1 Notes pays interest annually in arrears at a rate of 12 month Euribor plus 187 basis points until 29th June 2009 and 3 month Euribor plus 287 basis points thereafter.

On 29th June 2009, the Company entered into amendment agreements on the Subordinated Notes with expected maturity date of 29th June 2039. After 29th June 2009, the Company has the right to redeem the Notes should the Preference Shares be redeemed. However, the Notes were maintained in full amount notwithstanding the redemption of a significant portion of the Preference Shares. See Note 8.

In the opinion of the Directors, the notes should be classified as "held-to-maturity" as the Company has the positive intention and ability to hold the Notes to maturity and any early redemption is callable by the Company.

3. SWAP AGREEMENT	30th Jun 09	31st Dec 08
Swap Agreement	€ -	€ (1,832,632)

The Company and the Bank have entered into a Swap Agreement to ensure that the Company will have sufficient funds to enable it to settle the fixed rate payable on its issued preference shares. The Bank has agreed to pay the Company a fixed rate of 6.25% p.a. for the A1 Notes. In return the Company has agreed to pay the Bank a floating rate of 12 month Euribor plus 160 basis points until 29th June 2009. In accordance with the terms of the agreement, the swap terminated on 29th June 2009.

4. TRADE AND OTHER RECEIVABLES	30th Jun 09	31st Dec 08
Investment income receivable	102,993	17,443,939
Swap income receivable	-	14,332,193
Deposit income receivable	27,177	117,830
	€ 130,170	€ 31,893,962

5. CASH AND CASH EQUIVALENTS	30th Jun 09	31st Dec 08
Citibank, N.A. - deposit account	2,326,792	1,104,658
The Royal Bank of Scotland International:		
- € deposit account	122,441	47,632
- £ deposit account (2009: £3; 2008: £38)	4	39
- US$ deposit account (2009: $116; 2008: $116)	83	84
Fortis Bank (CI) Limited: € fixed deposit account	16,063,116	15,956,999
	€ 18,512,436	€ 17,109,412

6. TRADE AND OTHER PAYABLES

	30th Jun 09	31st Dec 08
Legal fees - Stibbe	165,000	-
Legal fees - Bedell (£13,843)	16,253	-
Mourant & Co. Limited - Administration fees	788	26,116
Audit fees	15,850	9,310
Swap interest payable	-	16,206,000
Loan interest payable	-	36,296
Interest payable on Preference Shares	17,777	14,332,192
Other professional fees	5,000	-
	€ 220,668	€ 30,609,914

7. LOANS PAYABLE

	30th Jun 09	31st Dec 08
Amounts falling due within one year		
Fortis Bank Nederland (Holding) N.V.:		
- € 8,300,000 loan	-	1,084,101
Amounts falling due after more than one year		
Fortis Bank Nederland (Holding) N.V.:		
- € 8,300,000 loan	-	-
Total loans payable	€ -	€ 1,084,101

The € 8,300,000 loan is unsecured, bears interest at an annual rate of 6.50% and is repayable over ten years commencing 29th June 2000. Final installment repayment was made on 29th June 2009.

8. PREFERENCE SHARES

	30th Jun 09	31st Dec 08
450,000 6.25% Non-cumulative, Non-voting Perpetual Class A Series I at €1,000 each	450,000,000	450,000,000
Less: issue costs	(8,352,909)	(8,352,909)
Amortisation of issue costs	8,352,909	7,935,284
Redemption on maturity date	(362,511,000)	-
	€ 87,489,000	€ 449,582,375

The Class A Series 1 Preference Shares bear interest at a rate of 6.25% per annum on the nominal amount of the shares outstanding payable annually in arrears on 29th June each year until 29th June 2009. If applicable, after 29th June 2009 the Preference Shares bear interest at 3 month Euribor plus 260 basis points payable quarterly in arrears commencing 29th September 2009.

The Class A Series 1 Preference Shares may be redeemed for cash by the Company in their totality either on 29th June 2009, on any preference dividend payment date thereafter or at any time by the Company following an Issuer Special Event.

8. PREFERENCE SHARES (CONTINUED)

In the event that the Company does not redeem the Class A Series 1 Preference Shares in cash on 29th June 2009, holders have the once only opportunity to exercise their Stock Conversion Option to exchange all of their preference shares on 29th June 2009. The choice to settle by way of cash or Ordinary Shares in Fortis S.A./ N.V. and/or Fortis N.V. is entirely at the discretion of the Company, Fortis S.A./ N.V. and Fortis N.V. If the settlement option is by way of stock settlement then any additional cost would be borne by Fortis S.A./ N.V. and Fortis N.V. and the Company would merely act as an agent for the holders.

On the occasion of a Supervisory Event, there would be mandatory conversion of the Class A Series 1 Preference Shares to Preference Shares of the Bank.

In the event of a liquidation the Class A Series 1 Preference Share holders will be entitled to receive a distribution of assets equivalent to the paid up value of the Class A Series 1 Preference Shares plus any accrued preference dividend. There is no entitlement to claim in any of the remaining assets of the Company. The Class A Series 1 Preference Shares are listed on the Euronext Amsterdam Stock Exchange.

On 31st March, 2009, the Company announced that the Class A Shares would not be redeemed for cash by the Company on 29th June 2009 (the First Call Notice). Subsequently, certain holders of the Class A Shares (the "Holders") elected to take the Stock Conversion option for an amount of 362,511 Shares.

On 4th May 2009, the Company issued the Second Call Notice by which it notified the Holders that it had elected to exchange the 362,511 Class A Shares for cash on 29th June 2009, thereby requiring Fortis N.V. and Fortis SA/NV to deliver, pursuant to their obligations under the Class A1 Support Agreement (the "Support Agreement"), a cash amount per Class A Share equal to the relevant Class A Liquidation Preference Amount, calculated in accordance with the Articles of the Company (the "Cash Settlement").

In the same notification, Holders were informed that the Company's ability to make settlement of such cash amount would be entirely dependent upon Fortis N.V. and Fortis SA/NV performing their obligations under the Support Agreement. On 19th June 2009, the Company brought legal proceedings against Fortis N.V. and Fortis SA/NV in order to obtain a court judgment that Fortis N.V. and Fortis SA/NV must comply with their obligations under the Support Agreement regarding the Cash Settlement.

On 25th June 2009 the Court ruled in favour of the Company and ordered Fortis N.V. and Fortis SA/NV to pay €362,511,000 to the Company by 29th June 2009. The Holders, which tendered as part of the Cash Settlement, received their payment on 29th June 2009. The remaining Preference Shares, which are continued to be held in accordance with the terms of the original issue, may be redeemed for cash on any preference dividend payment date after 29th June 2009 or at any time by the Company following an Issuer Special Event.

Fortis N.V. and Fortis SA/NV have set out the grounds of a counter claim in a writ of summons of 17th June 2009, in their attorneys' pleading notes for the oral hearing of 19th June 2009 and in a letter of 2nd July 2009. In summary, Fortis N.V. and Fortis SA/NV allege that they are entitled to receive compensation of up to € 362,511,000 (plus interest) from the Bank and/or the Company on the basis of unjust enrichment, contract, the overriding principles of reasonableness and fairness, unforeseen circumstances and/or undue payment. The parties are involved in a complex legal dispute, the outcome of which is currently impossible to predict with any level of certainty. However, on the basis of available evidence, the Company has been advised that it is more likely than not that the claims of Fortis N.V. and Fortis SA/NV will be dismissed.

9. EQUITY SHARE CAPITAL

	30th Jun 09	31st Dec 08
AUTHORISED:		
2,000,000,000 ordinary shares of € 1 each	2,000,000,000	2,000,000,000
2,000,000,000 unclassified shares of € 1 each	2,000,000,000	2,000,000,000
	€ 4,000,000,000	€ 4,000,000,000
ISSUED AND FULLY PAID:		
22,511 ordinary shares of € 1 each	€ 22,511	€ 22,511

Holders of ordinary shares have one vote on a show of hands and one vote for each ordinary share held on a vote taken on a poll. Whilst there are Preference Shares in issue, no dividends shall be payable to the ordinary shareholders except out of net income determined under Dutch generally accepted accounting principles after all Preference Share dividends have been settled. On a winding up or other return of capital no amount shall be distributed to the ordinary shareholders until the Preference Shareholders have received all amounts payable to them in accordance with the Company's articles of association.

10. SHARE PREMIUM ACCOUNT

	30th Jun 09	31st Dec 08
Premium on shares issued:		
Ordinary shares	€ 30,477,499	€ 30,477,499

11. TAXATION

The Company had exempt status for Jersey taxation purposes for the year of assessment 2008. Effective 1 January 2009, Jersey's tax regime has changed. The new regime has imposed a general corporate income tax of 0%, 10% applies to certain regulated financial services companies and 20% rate will apply to utilities and income from Jersey land (ie rents and development profits). Jersey resident companies are treated as resident for tax purposes and are subject to zero or ten percent standard income tax rate.

Since the Company is not a regulated financial service entity, the effect of the new tax regime is limited to the change of status from exempt to liable to Jersey income tax at 0%.

12. CAPITAL MANAGEMENT

The Company's transactions are designed to enable the Company to pay its liabilities as they fall due. This is the objective of the Company's capital management policy. The Swap Agreement ensures that the Company has sufficient funds to settle the fixed interest due to the Preference Shareholders. The Swap Counterparty agrees to pay to the Company a fixed rate of 6.25% per annum. Under the Swap Agreement the Company is obliged to pay the Swap Counterparty a floating rate of 12 month Euribor plus 160 basis points until 29th June 2009. The Company receives income from its investments at an annual rate of 12 month Euribor plus 187 basis points until 29th June 2009. The Swap Agreement terminated on 29th June 2009.

After 29th June 2009, the Company receives income from investments at 3 month Euribor plus 287 basis points and pays interest on Preference Shares at 3 month Euribor plus 260 basis points. The Company therefore realises a margin of 27 basis points as far as the remaining Preference Shares are invested in the Subordinated Notes and retains income earned from the rest of the investment as part of retained earnings.

There were no changes in the Company's approach to capital management during the period.

The Company is not subject to externally imposed capital requirements.

13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company holds the following financial instruments:

Cash and cash equivalents; Investments; Preference shares; Trade and other receivables; Trade and other payables and Loans payable.

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing those risks. This note also provides further quantitative disclosures in relation to the Company's financial instruments.

The Board of Directors ("Board") has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's Board is responsible for identifying and analysing the risks faced by the Company, for setting appropriate risk limits and controls, and monitoring risks and adherence to limits. Due to the limited activities of the Company, the Board deems its sole involvement as sufficient to monitor the risks faced by the Company and does not delegate any specific duties to Board committees.

The main purpose of the financial instruments is to finance the Company's purchase of Class A1 Subordinated Notes issued by the Bank. It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken.

13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT - (CONTINUED)

Categories of financial assets and liabilities as at 30th June 2009:

	Held-to-maturity	Held for trading	Loans and receivables	Financial liabilities at amortised cost
Balance sheet categories:				
Held-to-maturity investments	€ 472,500,000	€ -	€ -	€ -
Swap agreement	€ -	€ -	€ -	€ -
Trade and other receivables	€ -	€ -	€ 130,170	€ -
Cash and cash equivalents	€ -	€ -	€ 18,512,436	€ -
Preference shares	€ -	€ -	€ -	€ 87,489,000
Loans payable	€ -	€ -	€ -	€ -
Trade and other payables	€ -	€ -	€ -	€ 220,668

Categories of financial assets and liabilities as at 31st December 2008:

	Held-to-maturity	Held for trading	Loans and receivables	Financial liabilities at amortised cost
Balance sheet categories:				
Held-to-maturity investments	€ 472,500,000	€ -	€ -	€ -
Swap agreement	€ -	€ (1,832,632)	€ -	€ -
Trade and other receivables	€ -	€ -	€ 31,893,962	€ -
Cash and cash equivalents	€ -	€ -	€ 17,109,412	€ -
Preference shares	€ -	€ -	€ -	€ 449,582,375
Loans payable	€ -	€ -	€ -	€ 1,084,101
Trade and other payables	€ -	€ -	€ -	€ 30,609,914

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company's investment in the Class A1 Subordinated Notes issued by the Bank and from the Swap Agreement entered into with the Bank.

The Company's main financial assets are the Class A1 Subordinated Notes, the corresponding interest receivable and the swap interest receivable at the year end. The majority of the Company's income derives from its investment in the Class A1 Notes and the Swap Agreement entered into with the Bank. Therefore the maximum exposure to credit risk, without taking into account any collateral held or other credit enhancements is

No indications of impairment have been identified in relation to the Class A1 Subordinated Notes and investment income has been received in accordance with the Purchase Agreement. Similarly, swap income has been received in accordance with the Swap Agreement. The Bank has a long term credit rating of A from Standard & Poor's, an A1 rating from Moody's and an A+ rating from Fitch. Given these ratings the Board does not expect the Bank to fail to meet its obligations. None of the Company's financial instruments which are exposed to credit risk are past due or impaired during the year or as at the balance sheet date.

The Bank also includes a number of Dutch and international units which provide specialist financial services under their own (brand) names.

On 24th December 2008, the Bank sold and transferred its stake in RFS Holdings to the Dutch State.

13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT - (CONTINUED)

Credit risk - (continued)

As a consequence of the separation from Fortis Group, the organisation, range and scope of most of the banking operations has changed. The Bank is committed to strengthening the position it holds in its home market, the Netherlands, and will selectively reinforce or re-establish its presence abroad, as successful international operations that support its Dutch clients are fundamental to achieving the bank's ambitions.

The basic principles of sustainable growth and social responsibility are embedded in the Bank's operations. The Bank is deeply rooted in the local community and is committed to the welfare of its customers.

The Directors believe that there is no significant net credit risk to the Company since the holders of the Preference Shares have limited recourse to the proceeds from the Subordinated Notes and the Swap Agreement. As detailed in Note 8, holders of 362,511 Preference Shares received distribution of assets equal to the paid up value of the Preference Shares.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Due to the nature of the Company's operations, the Board considers net liquidity risk faced by the Company to be minimal. The most significant cash outflows consist of the payment of interest expense on the Preference Shares and the amounts payable under the Swap Agreement. The timing of its cash outflows fall due on the same dates as the cash inflows from the Class A1 Subordinated Notes and the amounts receivable under the Swap Agreement for the year. The income receivable from the Subordinated Notes is 27 basis points higher than the amounts payable from the Preference Shares. Therefore, the Board considers that the Company has sufficient available cash resources to meet the other cash outflows which mainly consist of administrative expenditures.

Maturity analysis

The undiscounted contractual maturity profile of the Company's financial assets and financial liabilities is as follows:

	Financial assets 30th Jun 09	Financial liabilities 30th Jun 09	Financial assets 31st Dec 08	Financial liabilities 31st Dec 08
In less than one year	18,642,606	220,668	49,003,374	33,526,647
In more than one year	472,500,000	87,489,000	472,500,000	450,000,000
	€ 491,142,606	€ 87,709,668	€ 521,503,374	€ 483,526,647

Given the above maturity profile, the Directors consider that the Company is not exposed to significant net liquidity risk.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Due to the structure of the Company's assets and liabilities the net exposure to market risk is also considered to be minimal.

13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT - (CONTINUED)

Currency risk

With the exception of certain administrative expenses which are denominated in GBP, all other transactions are undertaken in Euro and therefore the Directors believe that there is no significant net currency risk to the Company.

Currency risk - sensitivity

As disclosed above, in the Directors' opinion, there is no significant currency risk to the Company. The Company only incurs currency risk on certain expenses, which are mainly paid in sterling. The Company accepts this risk and, accordingly, does not hedge against it. A strengthening or weakening of the Euro against the Pound Sterling would have an insignificant effect on the profit or loss of the Company for the year and the Company's equity and therefore no sensitivity analysis for currency risk has been presented in these financial statements.

Fair values

The fair values of the Company's significant assets and liabilities are as follows:

	30th Jun 09 Carrying value €	30th Jun 09 Fair value €	31st Dec 08 Carrying value €	31st Dec 08 Fair value €
Held-to-maturity investments	472,500,000	332,126,267	472,500,000	367,366,994
Swap agreement	-	-	(1,832,632)	(1,832,632)
Trade and other receivables	130,170	130,170	31,893,962	31,893,962
Cash and cash equivalents	18,512,436	18,512,436	17,109,412	17,109,412
Trade and other payables	(220,668)	(220,668)	(30,609,914)	(30,609,914)
Loan payable	-	-	(1,084,101)	(1,138,289)
Preference shares	(87,489,000)	(74,365,650)	(449,582,375)	(247,500,000)

The fair values of the held-to-maturity investments (the "Notes"), the Loans payable and the Swap have been calculated using valuation models based on a discounted cashflow approach, whereby product specific spreads related to credit and liquidity risk is taken into account when applying a discount curve. In this way, the fair value of the different products is derived as close as possible to the Marked-to-Market value. It had been assumed that the Notes will be redeemed at their scheduled maturity date of 29th June 2039 in accordance with the amended agreements. The fair value of the Preference Shares is the quoted mid price from Euronext. The Directors do not consider there to be a significant difference between the quoted mid price and the quoted ask price.

This mismatch is the reason for the large difference between the fair value of the Company's financial assets and the fair value of the financial liabilities disclosed above. Upon exchange of a significant portion of the Preference Shares on 29th June 2009, the Company did not elect to redeem the Notes but chose to finance such redemption from the proceeds received from Fortis SA/NV (See Note 8). The Directors consider that the fair values of the Company's loans and receivables and other financial liabilities are not significantly different from their carrying values.

Fair value - sensitivity analysis

The fair value estimation of the Swap Agreement is determined using a specialist valuation model which considers the maturity date of the Notes and the coupon receivable as the key parameters of the estimation. The main assumption of the model valuation is considered by the Directors to be the market rate receivable.

The Directors consider that a reasonably possible change in the market rate would be 50 basis points.

13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT - (CONTINUED)

Fair values - (continued)

The Swap Agreement terminated on 29th June 2009.

The fair value of the Swap Agreement as at 31st December 2008 is € 1,832,632 (liability). If the market rate was 50 basis points higher the fair value would have been € 2,933,960. If the market rate was 50 basis points lower the fair value would have been € 750,066. If the market rate was 50 basis points higher the net assets attributable to equity shareholders would be reduced by € 1,091,947. A decrease in the market rate of 50 basis points would have had an equal and opposite effect.

As the Preference Shares and Notes are stated at amortised cost, an increase or decrease in their fair values would have no impact on the Company's profit or loss and/or equity and therefore no sensitivity analysis in respect of the Preference Shares or Notes has been presented.

Interest rate risk

Up until 29th June 2009, interest incurred on the Preference Shares is on fixed rate basis and is exactly matched by the income receivable under the Swap Agreement. Interest income received from the Notes is on a floating rate basis which yields a fixed margin of 27 basis points over the floating rate payable under the Swap Agreement in order to cover the administration expenses of the Company.

After 29th June 2009, interest incurred on the Preference Shares is on floating rate basis plus 287 basis points and interest income received from the Notes is on floating rate basis plus 260 basis points which yields a fixed margin of 27 basis points in order to cover the administration expenses of the Company.

The interest rate exposure of financial assets at 30th June 2009 was:

Total	Fixed rate	Floating rate	Non-interest bearing
€ 491,142,606	€ 0	€ 491,012,436	€ 130,170

The interest rate exposure of financial assets at 31st December 2008 after hedging was:

Total	Fixed rate	Floating rate	Non-interest bearing
€ 521,503,374	€ 0	€ 489,609,412	€ 31,893,962

The floating rate financial assets comprise of the bank deposits that earn interest based on market rates and of the held-to-maturity investments which earn interest at 12-month Euribor plus 187 basis points until 29th June 2009 and 3-month Euribor plus 287 basis points after this date.

Non-interest bearing financial assets represent trade and other receivables.

13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT - (CONTINUED)

Interest rate risk - (continued)

The interest rate exposure of financial liabilities at 30th June 2009 was:

Total	Fixed rate	Floating rate	Non-interest bearing
€ 87,709,668	€ 0	€ 87,489,000	€ 220,668

Effective interest rate 2009:

Fixed rate financial liabilities	Floating rate financial liabilities
6.25%	0.00%

The interest rate exposure of financial liabilities at 31st December 2008 after hedging was:

Total	Fixed rate	Floating rate	Non-interest bearing
€ 483,109,022	€ 450,666,476	€ 1,832,632	€ 30,609,914

Effective interest rate 2008:

Fixed rate financial liabilities	Floating rate financial liabilities
6.25%	0.00%

Floating rate financial liabilities as at 30th June 2009 consist of the remaining balance of the Company's Preference Shares which incurs interest at 3-month Euribor plus 260 basis points.

Fixed rate financial liabilities as at 31st December 2008 consist of the Company's Preference Shares and loans payable.

Floating rate financial liabilities as at 31st December 2008 consist of the Swap Agreement which incurred interest at 12-month Euribor plus 160 basis points.

Non-interest bearing financial liabilities represent trade and other payables.

Interest rate risk - sensitivity analysis

As disclosed above, in the Directors' opinion there is no material interest rate risk to the Company. From the Company's perspective any change in the interest rate attached to the Notes would be matched by an equal and opposite change in the interest rate attached to the Preference Shares. Consequently a change in interest rates would have no net effect on profit or loss and/or equity.

IFRS 7 requires disclosure of "a sensitivity analysis for each type of market risk to which the entity is exposed at the reporting date, showing how profit or loss and equity would have been affected by changes in the relevant risk variable that were reasonably possible at that date." As stated, whilst the financial instruments held by the Company are separately exposed to interest rate risk, the Company itself is not exposed to interest rate risk overall. Therefore, in the Directors' opinion, no sensitivity analysis in respect of interest rates is required to be disclosed.

14. HOLDING COMPANY AND RELATED PARTIES

The Company's immediate and ultimate holding company is Fortis Bank Nederland (Holding) N.V. (formerly Fortis Bank Nederland N.V.), a company incorporated in the Netherlands.

Messr. Martin, Stokkel, Van der Plas and Van Wijck are senior employees of Fortis Bank Nederland (Holding) N.V. or its affiliate companies.

G.P. Essex-Cater is a shareholder of Mourant Limited. Each of H.C. Grant, G.P. Essex-Cater and C. Ruark are employees of a subsidiary of Mourant Limited. Affiliates of Mourant Limited provide ongoing administrative services to the Company at commercial rates.

The Company has invested the proceeds of the issue of the Class A Series 1 Preference shares in Subordinated Notes of Fortis Bank Nederland (Holding) N.V. as described in Note 2.

The Company has entered into support and guarantee agreements with Fortis group companies to enable the Company to declare and pay preference dividends and to guarantee the payment of Class A Series 1 Preference Shares including unpaid preference share dividends in the event of the liquidation of the Company.

On 29th June 2009 the Company received €362,511,000 from Fortis SA/NV as a result of the Court ruling in favour of the Company (see Note 8). These proceeds were used to redeem 362,511 Class A Series 1 Preference Shares.

Transactions were made on terms equivalent to those that would prevail on an arms length transaction.

Fees payable to Mourant Limited for the period ended 30th June 2009 and the prior year ended 31st December 2008 are disclosed on the face of the Income Statement. Accrued fees payable to Mourant Limited as at 30th June 2009 and 31st December 2008 are disclosed in Note 6 to the financial statements. None of the directors receive remuneration from the Company.

15. KEY MANAGEMENT PERSONNEL

The key management personnel have been identified as being the directors of the Company. The emoluments of key management personnel are paid by the ultimate controlling party who makes no recharge to the Company.

It is therefore not possible to make a reasonable apportionment of their emoluments in respect of the Company. Accordingly, no emoluments in respect of the directors applicable to the Company have been disclosed.