FORTIS CAPITAL COMPANY LIMITED

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2008

FORTIS CAPITAL COMPANY LIMITED

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements for the year ended 31st December 2008.

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 and Preference Shares issued are due to be redeemed on their scheduled maturity date of 29th June 2029.

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.

Also see note 16 for post balance sheet events.

RESULTS AND DIVIDENDS
The loss for the year amounted to € 424,920 (2007 loss for the year: € 3,680,150).

The Directors do not recommend a dividend for the year (2007: € nil).

DIRECTORS
The Directors who held office during the year 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)

INDEPENDENT AUDITORS
KPMG Channel Islands Limited have expressed their willingness to continue in office, and a resolution to reappoint them will be proposed at the next Annual General Meeting.

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: 3/1/7/19.

FORTIS CAPITAL COMPANY LIMITED

STATEMENT OF PERSONS RESPONSIBLE WITHIN THE ISSUER

We confirm to the best of our knowledge that the Financial Statements for the year to 31st December 2008 give a true and fair view of the assets, liabilities, financial position and loss of the Company as required by the applicable accounting standards. The Report of the Directors gives a true and fair view of important events that have occurred during the the financial year and their impact on the Financial Statements. The principal risks and uncertainties faced by the Company are disclosed in Note 13 of these financial statements.

For and behalf of the Board of Directors of the Company

Director:

Date: 31/7/9

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.

KPMG

KPMG Channel Islands Limited

P.O. Box 453
St Helier
Jersey JE4 8WQ
Channel Islands

5 St Andrew's Place
Charing Cross, St Helier
Jersey JE4 8WQ
Channel Islands

Independent auditors' report to the members of Fortis Capital Company Limited

We have audited the financial statements of Fortis Capital Company Limited for the year ended 31 December 2008 which comprise the Balance Sheet, the Income Statement, the Statement of Changes in Equity, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Article 110 of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 2, the company's directors are responsible for preparation of the financial statements in accordance with applicable law and International Financial Reporting Standards.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies (Jersey) Law 1991. We also report to you if, in our opinion, the company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the Directors' Report accompanying the financial statements and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

KPMG

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Channel Islands

Independent auditors' report to the members of Fortis Capital Company Limited - continued

Basis of audit opinion - continued

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with International Financial Reporting Standards, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended; and

- have been properly prepared in accordance with the Companies (Jersey) Law 1991.

Emphasis of matter: ongoing litigation

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of disclosures made in notes 1 and 16 to the financial statements concerning the allegation of Fortis N.V. and Fortis SA/NV against the Company and Fortis Bank Nederland (Holding) N.V.

The ultimate outcome of the matters referred to in notes 1 and 16 to the financial statements cannot presently be determined with any certainty and therefore no provisions for any liabilities that may arise for the Company as a result have been provided for in the financial statements. If such liabilities were to arise they could be material to the financial statements.

KPMG Channel Islands Limited

Chartered Accountants

31 July 2009

FORTIS CAPITAL COMPANY LIMITED

BALANCE SHEET

AS AT 31ST DECEMBER 2008

	Notes		2008		2007
ASSETS					
Non-current assets					
Held-to-maturity investments	2		472,500,000		472,500,000
Current assets					
Swap agreement	3		-		617,572
Trade and other receivables	4		31,893,962		29,801,834
Cash and cash equivalents	5		17,109,412		15,368,989
			49,003,374		45,788,395
TOTAL ASSETS		€	521,503,374	€	518,288,395
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			7,894,342		8,319,262
TOTAL SHAREHOLDERS' EQUITY			38,394,352		38,819,272
Non-current liabilities					
Preference shares	8		449,582,375		448,747,079
Loans payable	7		-		1,084,101
			449,582,375		449,831,180
Current liabilities					
Trade and other payables	6		30,609,914		28,620,006
Swap agreement	3		1,832,632		-
Loans payable	7		1,084,101		1,017,937
			33,526,647		29,637,943
TOTAL EQUITY AND LIABILITIES		€	521,503,374	€	518,288,395

The financial statements were approved and authorised for issue by the Board of Directors on the 31 day of July 2009 and were signed on its behalf by:

Director:

(The notes on pages 10 to 23 form part of these financial statements)

INCOME STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER 2008

	Notes	2008	2007
INCOME:			
Deposit interest income		716,405	562,077
Investment income	2	32,334,292	27,839,441
Swap agreement income	3	28,125,000	28,125,000
		61,175,697	56,526,518
EXPENDITURE:			
Interest expense on Preference Shares	8	28,125,000	28,125,000
Amortisation of issue costs on Preference Shares	8	835,296	835,296
Loan interest expense		103,302	167,092
Mourant & Co. Limited - Administration fees		39,995	39,532
Mourant & Co. Limited - Management fee		1,896	2,213
Professional fees		1,721	1,273
Listing fees		10,124	10,552
Audit fees		8,250	14,278
Directors fees		3,160	3,686
Annual filing fee		199	227
Exempt company fee	0	794	908
Bank charges		901	1,056
Swap agreement payments	3	30,018,566	25,650,125
Loss on exchange		1,209	2,036
Loss on revaluation of Swap Agreement	3	2,450,204	5,353,286
Sundry expenses		-	108
		61,600,617	60,206,668
LOSS FOR THE YEAR		€ (424,920)	€ (3,680,150)

(The notes on pages 10 to 23 form part of these financial statements)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2008

		Share Capital		Share premium		Retained earnings		Total
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
Balance at 1st January 2007		22,511		30,477,499		11,999,412		42,499,422
Loss for the year		-		-		(3,680,150)		(3,680,150)
Balance at 31st December 2007	€	22,511	€	30,477,499	€	8,319,262	€	38,819,272

(The notes on pages 10 to 23 form part of these financial statements)

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER 2008

	Note		2008	2007
Cash flows from operating activities				
Loss for the year			(424,920)	(3,680,150)
Increase in trade and other receivables			(2,092,128)	(2,406,506)
Increase in trade and other payables			1,989,908	2,260,891
Loss on revaluation of Swap Agreement			2,450,204	5,353,286
Amortisation of issue costs on Preference Shares			835,296	835,296
Net cash flows from operating activities			2,758,360	2,362,817
Cash flows from financing activities				
Repayment of loans			(1,017,937)	(955,809)
Net cash flows used in financing activities			(1,017,937)	(955,809)
Net increase in cash and cash equivalents			1,740,423	1,407,008
Cash and cash equivalents at the beginning of the year			15,368,989	13,961,981
Cash and cash equivalents at the end of the year	5	€	17,109,412	€ 15,368,989

(The notes on pages 10 to 23 form part of these financial statements)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2008

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 16, subsequent to the year end, 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.

New standards and interpretations not yet adopted

In November 2006, the IASB issued IFRS 8 – "Operating Segments" which is effective for annual periods beginning on or after 1st January 2009. The standard requires segment disclosure based on the components of the entity that management monitors in making decisions about operating matters. This "management approach" differs from IAS 14, which currently requires the disclosure of two sets of segments, business and geographical segments, based on a disaggregation of information contained in the financial statements. Under IFRS 8, operating segments become reportable based on threshold tests related to revenues, results and assets. The Company will apply IFRS 8 for its accounting period commencing 1st January 2009.

The Company has not applied IAS 1 revised (on 6th September 2007) in these financial statements. The revised standard mainly introduces the concept of a "total comprehensive income". This is applicable for financial periods starting on or after 1st January 2009.

In the opinion of the Directors the above standards will not have a significant impact on the financial statements of the Company.

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.

1. ACCOUNTING POLICIES - (CONTINUED)

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.

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 rights 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.

1. ACCOUNTING POLICIES - (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2008

1. ACCOUNTING POLICIES - (Continued)

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.

2. HELD-TO-MATURITY INVESTMENTS

	2008	2007
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 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.

If the Preference Shares are redeemed, the Company has the right to redeem the Notes on or after 29th June 2009.

On 29th June 2009, the Company entered into amendment agreements on the Subordinated Notes with expected maturity date of 29th June 2039.

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 issuer.

3. SWAP AGREEMENT

	2008	2007
Swap Agreement	€ (1,832,632)	€ 617,572

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.

4. TRADE AND OTHER RECEIVABLES

	2008	2007
Investment income receivable	17,443,939	15,349,777
Swap income receivable	14,332,193	14,332,192
Deposit income receivable	117,830	119,865
	€ 31,893,962	€ 29,801,834

5. CASH AND CASH EQUIVALENTS

	2008	2007
Citibank, N.A. - deposit account	1,104,658	10,749
The Royal Bank of Scotland International:		
- € deposit account	47,632	10,107
- £ deposit account (2008: £38; 2007: £2,485)	39	3,383
US$ deposit account (2008: $116; 2007: $114)	84	78
Fortis Bank (CI) Limited: € fixed deposit account	15,956,999	15,344,672
	€ 17,109,412	€ 15,368,989

6. TRADE AND OTHER PAYABLES

	2008	2007
Mourant & Co. Limited - Administration fees	26,116	12,082
Audit fees	9,310	11,981
Swap interest payable	16,206,000	14,194,125
Loan interest payable	36,296	69,626
Interest payable on Preference Shares	14,332,192	14,332,192
	€ 30,609,914	€ 28,620,006

7. LOANS PAYABLE

	2008	2007
Amounts falling due within one year		
Fortis Bank Nederland (Holding) N.V.:		
- € 8,300,000 loan	1,084,101	1,017,937
Amounts falling due after more than one year		
Fortis Bank Nederland (Holding) N.V.:		
- € 8,300,000 loan	-	1,084,101
Total loans payable	€ 1,084,101	€ 2,102,038

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.

8. PREFERENCE SHARES

	2008	2007
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	7,935,284	7,099,988
	€ 449,582,375	€ 448,747,079

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.

8. PREFERENCE SHARES (CONTINUED)

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.

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 redeem 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 (see note 16 for post balance sheet event in relation to the stock conversion option).

On the occasion of a Supervisory Event, there would be mandatory conversion of the Class A Series 1 Preference Shares to Preference Shares of Fortis Bank Nederland (Holding) N.V.

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.

In the opinion of the Directors as at 31st December 2008 and 2007 the aggregate value of the stock conversion option and the undertaking from The Fortis Group to meet the cost of satisfying the stock conversion option is nil, therefore no bifurcation of the stock conversion option is considered necessary.

9. EQUITY SHARE CAPITAL

	2008	2007
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

	2008	2007
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 and 3 month Euribor plus 287 basis points thereafter. Therefore, the Company realises a current margin under the Swap Agreement of 27 basis points which it uses to pay the Company's liabilities, other than interest due on Preferred Securities, as they fall due.

There were no changes in the Company's approach to capital management during the year. 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; Swap agreement; 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 Fortis Bank Nederland (Holding) N.V. (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 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

Categories of financial assets and liabilities as at 31st December 2007:

		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	€	-	€	617,572	€	-	€	-
Trade and other receivables	€	-	€	-	€	29,801,834	€	-
Cash and cash equivalents	€	-	€	-	€	15,368,989	€	-
Preference Shares	€	-	€	-	€	-	€	448,747,079
Loans payable	€	-	€	-	€	-	€	2,102,038
Trade and other payables	€	-	€	-	€	-	€	28,620,006

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 €504,276,132 (2007: €502,181,969).

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.

Fortis Bank Nederland (Holding) N.V. also includes a number of Dutch and international units which provide specialist financial services under their own (brand) names.

On 24th December 2008, Fortis Bank Nederland (Holding) N.V. 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. Fortis Bank Nederland (Holding) N.V. 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. Fortis Bank Nederland (Holding) N.V. 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, in the event of liquidation, the holders of the Preference shares are entitled only to receive a distribution of assets equal to the paid up value of the Preference shares plus any accrued interest thereon.

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 under the Swap Agreement. The income receivable under the Swap Agreement exactly matches the amounts payable to the holders of 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

	Financial assets 2008	Financial liabilities 2008	Financial assets 2007	Financial liabilities 2007
In less than one year	49,003,374	33,526,647	45,788,395	29,637,943
In more than one year	472,500,000	450,000,000	472,500,000	451,084,101
	€ 521,503,374	€ 483,526,647	€ 518,288,395	€ 480,722,044

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

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:

	2008 Carrying value €	2008 Fair value €	2007 Carrying value €	2007 Fair value €
Held-to-maturity investments	472,500,000	367,366,994	472,500,000	603,668,064
Swap agreement	(1,832,632)	(1,832,632)	617,572	617,572
Trade and other receivables	31,893,962	31,893,962	29,801,834	29,801,834
Cash and cash equivalents	17,109,412	17,109,412	15,368,989	15,368,989
Trade and other payables	(30,609,914)	(30,609,914)	(28,620,006)	(28,620,006)
Loan payable	(1,084,101)	(1,138,289)	(2,102,038)	(2,208,455)
Preference shares	(449,582,375)	(247,500,000)	(448,747,079)	(427,500,000)

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 has 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 quoted price is based on an expected redemption date of 29th June 2009 as both the Company and the holders have the right to redeem on this date and quarterly thereafter.

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. In the event of redemption of the Preference Shares on 29th June 2009, the Company may exercise its option to redeem the Notes. However, the Company may choose to finance such redemption by alternative means. 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 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.

The fair value of the Swap Agreement as at 31st December 2007 was € 617,572. If the market rate was 50 basis points higher at the year end the fair value would have been negative € 1,585,316. If the market rate was 50 basis points lower the fair value would have been € 2,820,460. If the market rate was 50 basis points higher the net assets attributable to equity shareholders would be reduced by € 2,202,888. A decrease in the market rate of 50 basis points would have 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

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.

The income receivable under the Swap Agreement and the income receivable from the Company's investments will always be sufficient to enable the Company to meet the payments due to the holders of the Preference Shares as they fall due. The Directors therefore believe that there is no net interest rate risk to the Company.

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	€ 489,609,412	€ 0	€ 31,893,962

The interest rate exposure of financial assets at 31st December 2007 after hedging was:

Total	Fixed rate	Floating rate	Non-interest bearing
€ 518,288,395	€ 488,486,561	€ 0	€ 29,801,834

The fixed rate financial assets comprise the Swap Agreement that earns interest at a fixed rate of 6.25%.

The floating rate financial assets comprise Euro bank deposits that earn interest based on market rates.

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

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

Interest rate risk - (continued)

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	€ 452,499,108	-	€ 30,609,914

Effective interest rate 2008:

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

The interest rate exposure of financial liabilities at 31st December 2007 after hedging was:

Total	Fixed rate	Floating rate	Non-interest bearing
€ 479,469,123	€ 450,849,117	-	€ 28,620,006

Effective interest rate 2007:

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

Fixed rate financial liabilities comprise the Company's Preference Shares, loans payable and the Swap (2008 only).

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 Swap Agreement. 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 and van der Plas are senior employees of Fortis Bank Nederland (Holding) N.V. or its affiliate companies and until 3rd October 2008, like Messr. Baise were also senior employees of Fortis S.A./N.V. and Fortis 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.

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

Fees payable to Mourant Limited for the current year ended 31st December 2008 and the prior year ended 31st December 2007 are disclosed on the face of the Income Statement. Accrued fees payable to Mourant Limited as at 31st December 2008 and 31st December 2007 are disclosed in Note 6 to the financial statements.

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.

16. POST BALANCE SHEET EVENTS

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

On 4 May 2009, the Company issued the Second Call Notice by which it notified the Holders that it had elected to redeem the 362,511 Class A Shares for cash on 29 June 2009, thereby requiring Fortis N.V. and Fortis SA/NV to deliver, pursuant to their obligations under the Support Agreement, a cash amount per Class A Shares 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 Class A1 Support Agreement (the "Support Agreement"). On 19 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.

16. POST BALANCE SHEET EVENTS - (CONTINUED)

On 25 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 29 June 2009. The Holders, which tendered as part of the Cash Settlement, received their payment on 29 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 29 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 their purported claim in a writ of summons of 17 June 2009, in their attorneys' pleading notes for the oral hearing of 19 June 2009 and in a letter of 2 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 Fortis Bank Nederland (Holding) N.V. 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 for the Company is currently impossible to predict with any level of certainty.