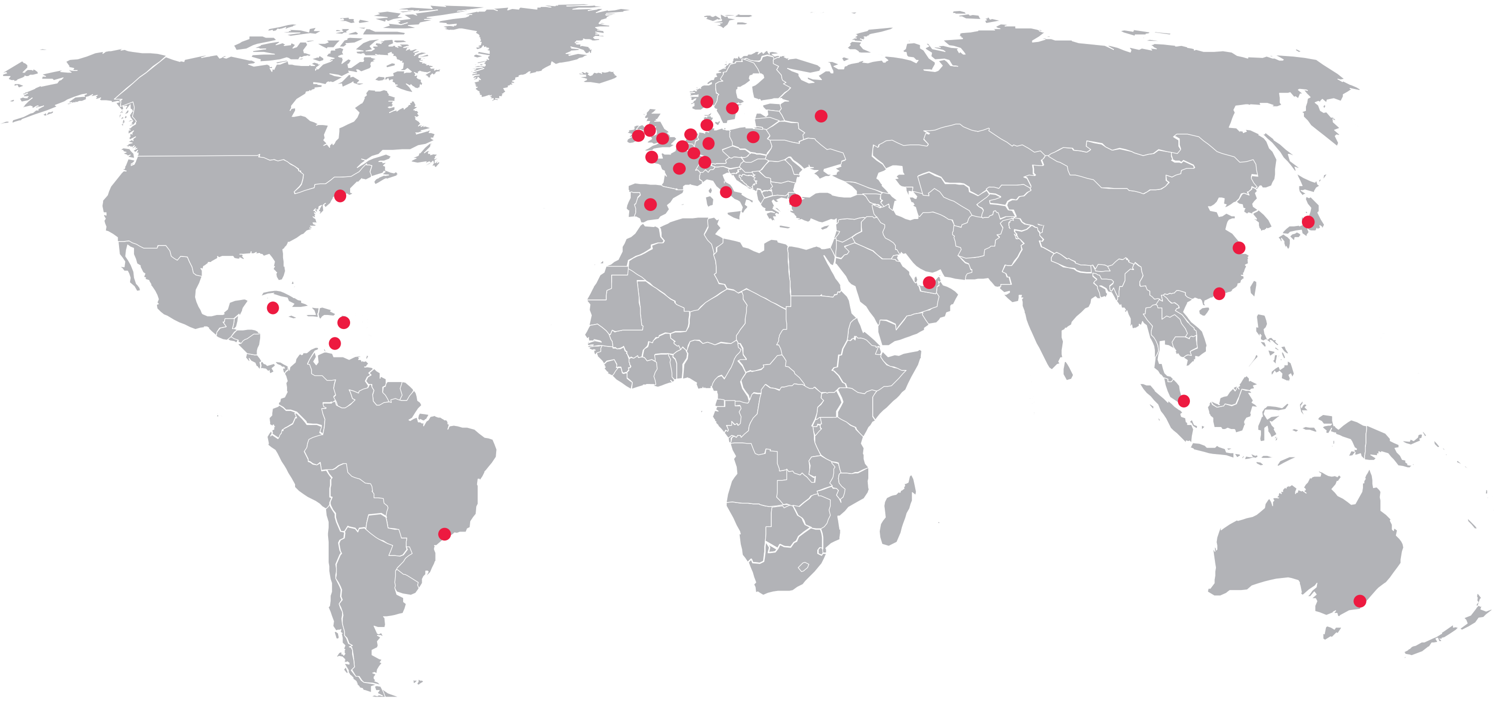
Fortis Bank Nederland

Interim Financial Statements | 2009



Fortis Bank Nederland (Holding) N.V.

Contents

All amounts reported in these Interim Financial Statements are denominated in millions of euros, unless stated otherwise. Because figures have been rounded, small differences with previously reported figures may occur. Certain reclassifications have been made with regard to the prior year's Consolidated Interim Financial Statements in order to make them comparable to the presentation for the first half of 2009, related to IAS 1.15 and geographic segmentation.

Key definitions

The following list of legal entities will be referred to regularly throughout this document. For each legal entity a brief description explaining the meaning and use of the term is included.

Fortis Bank Nederland (Holding) N.V.

Fortis Bank Nederland (Holding) N.V. or the bank refers to Fortis Bank Nederland (Holding) N.V. including its subsidiaries. On 3 October 2008, the Dutch State acquired all ordinary shares in Fortis Bank Nederland (Holding) N.V. from Fortis Bank SA/NV.

Fortis Group / Fortis Holdings

Fortis Group is the name used for a group of companies headed by Fortis SA/NV and Fortis N.V. prior to October 2008. Since the events of October 2008, Fortis Holdings has been the new name for the group of companies headed by Fortis SA/NV and Fortis N.V., the shares of which are listed on Euronext Amsterdam and Euronext Brussels by NYSE Euronext.

Fortis Bank SA/NV

Until 3 October 2008, Fortis Bank Nederland (Holding) N.V. was a subsidiary of Fortis Bank SA/NV, which in turn was part of Fortis Group.

RFS Holdings

In October 2007, Fortis Bank Nederland (Holding) N.V., through Fortis Group as member of a consortium with Royal Bank of Scotland Group plc and Banco Santander S.A., acquired a 33.8% stake in RFS Holdings B.V., the vehicle that acquired ABN AMRO Holding N.V. On 24 December 2008, Fortis Bank Nederland (Holding) N.V. sold and transferred its shares in RFS Holdings B.V. to the Dutch State.

ABN AMRO

ABN AMRO refers to the businesses and other assets and activities of the group of companies headed by ABN AMRO Holding N.V. to be acquired by the Dutch State and to be integrated with Fortis Bank Nederland (Holding) N.V.

ASR Nederland

ASR Nederland was previously known under the name of Fortis Verzekeringen Nederland, which was part of Fortis Group until 3 October 2008. The Dutch State has owned all shares in ASR Nederland since 3 October 2008.

Transition Team

The Transition Team is the team appointed to lead the planning and oversee the integration of Fortis Bank Nederland (Holding) N.V. and ABN AMRO. The team is designated to form the Managing Board of the future combined bank.

Profile and objectives

Fortis Bank Nederland (Holding) N.V. is active in Retail Banking, Private Banking and Merchant Banking, primarily in the Netherlands and selectively abroad. Most of these financial services are provided under the Fortis Bank Nederland brand, while Private Banking and Corporate Finance & Capital Markets activities are conducted under the MeesPierson label.

The activities of Fortis Bank Nederland (Holding) N.V. also include a number of Dutch and international units that provide specialist financial services under their own brand names, such as Fortis Commercial Finance (factoring services), International Card Services (card services), ALFAM Holding (consumer credit), Direktbank and Fortis Hypotheek Bank (both mortgages), Fortis Groenbank (sustainable investments and financial services) and Intertrust (trust services).

The Dutch State holds all ordinary shares in Fortis Bank Nederland (Holding) N.V. As a consequence of the separation from Fortis Group, the organisation and the international network have changed. Fortis Bank Nederland (Holding) N.V. is committed to strengthening the position it has in its home market, and will selectively reinforce or re-establish its presence abroad to support clients. Fortis Bank Nederland (Holding) N.V. is active as a financial service provider in 28 countries outside the Netherlands. These countries include:

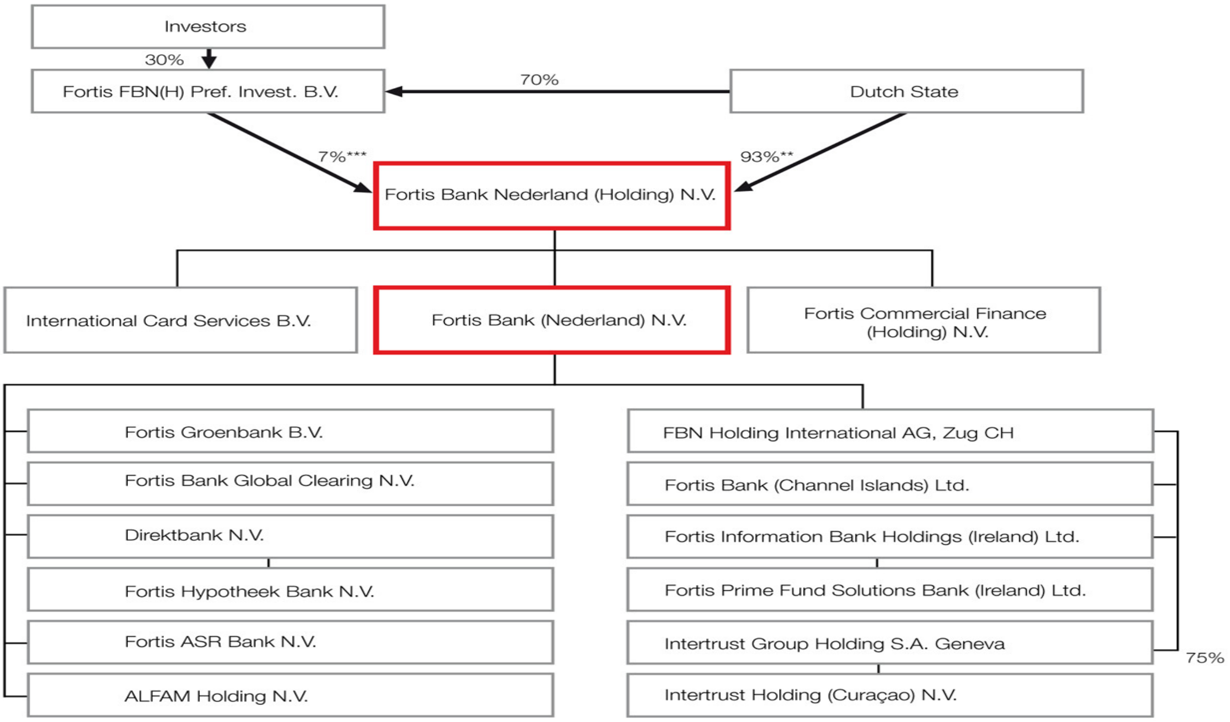
- In Europe: the United Kingdom, Belgium, Guernsey, Isle of Man, Ireland, Germany, Switzerland, Luxembourg, Norway, France, Poland, Italy, Spain, Turkey, Denmark, Sweden and Russia;
- In North and South America: USA, Brazil, the Netherlands Antilles, Cayman Islands and British Virgin Islands;
- In Asia Pacific and rest of world: Singapore, Hong Kong, Japan, Australia, Dubai and China.

On 24 December 2008, Fortis Bank Nederland (Holding) N.V. sold and transferred its stake in RFS Holdings to the Dutch State. It is the intention to combine the activities of Fortis Bank Nederland (Holding) N.V. with those of ABN AMRO into a new bank. Until the integration, Fortis Bank Nederland (Holding) N.V. will continue to operate as an independent, stand-alone bank.

On 30 June 2009, Fortis Bank Nederland (Holding) N.V. had a balance sheet total of EUR 199 billion and employed 9,547 FTEs of which roughly one quarter is employed abroad.

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.

Legal structure and main subsidiaries*



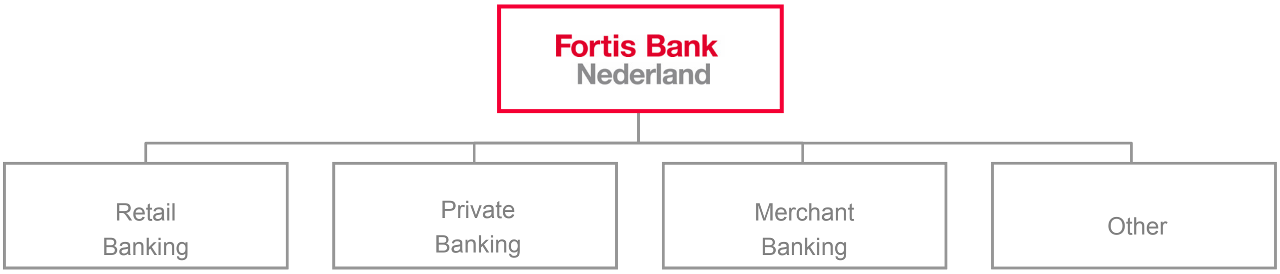
(*) See Annual Financial Statements 2008, p. 179, for a list of participations, reported and published according to Article 2:414 of the Dutch Civil Code

(**) Total interest of the Dutch State, including indirect interest, is 97.9%

(***) Comprises non-cumulative Preference Shares A

Business activities

Fortis Bank Nederland (Holding) N.V. is organised into three client-focused businesses for which segment reporting is applied. The financial information is segmented into Retail Banking, Private Banking, Merchant Banking and Other. Each of the client-focused businesses has several business lines. ‘Other’ represents the corporate centre, support departments, operations, and Asset and Liability Management (ALM).



- Retail network
- ALFAM
- Direktbank
- Fortis Hypotheek Bank
- International Card Services
- Fortis ASR Bank

Commercial Banking

Corporates
- Corporate Banking
- Investment Banking
- ECT & Principal Finance
- Transaction Banking
- Asset Based Finance
- Commercial Finance

Markets
- Global Markets
- Prime Fund Solutions
- Brokerage, Cleaning & Custody

Intertrust

Credit ratings

	30 June 2009	31 December 2008	30 June 2008
Fitch			
Long term rating	A+	A+	AA-
Short term rating	F1+	F1+	F1+
Support rating floor	A+	A+	A-
Outlook	Stable	Stable	Stable
Moody's			
Long term rating	A1	A1	Aa3
Short term rating	P-1	P-1	P-1
BFSR	C-	C-	B-
Outlook	Positive	Positive	Stable/On review
Standard & Poor's			
Long term rating	A	A	AA-
Short term rating	A-1	A-1	A-1+
Outlook	Developing	Developing	Stable

For full details and the latest credit rating, please consult the rating agencies' reports on www.fortis.nl/debtinvestors.

Jan van Rutte, Chairman of the Board of Fortis Bank Nederland (Holding) N.V.:

"The first six months of 2009 have been very challenging, yet we have accomplished a great deal. We have been working towards becoming fully independent from Fortis Group, launching new funding programmes to improve our liquidity position and preparing for integration into a new bank. At the same time, we kept focusing on our clients in markets that are still under pressure.

In the first half of 2009, Fortis Bank Nederland (Holding) N.V. turned in a modest net operating profit, driven by Retail Banking and Merchant Banking. Under the current circumstances, we are not dissatisfied with this result. All businesses faced challenges in the first six months of the year as they coped with pressure on margins and high default rates. Meanwhile, they met stringent requirements in order to reduce the bank's risk profile, optimise the use of scarce financial resources and staff, and carry out various separation projects. Costs were under control.

This could not have been achieved without the support and loyalty of our clients (from consumer to multinational), our broad and supportive investor base and the strong commitment, motivation and perseverance of our employees. On behalf of all members of the Management Board, and as shared by the Supervisory Board, I would like to express my sincere gratitude for their loyalty and trust.

Looking ahead, as always we will remain focused on serving our clients. Our business clients are still adjusting to the current situation and we expect an increase in requests for credit extensions. We will continue to seek alternatives that strengthen our funding position and further improve our solvency position.

The separation from Fortis Bank SA/NV and ASR Nederland is well on track. Meanwhile, we will also continue to prepare for the integration with ABN AMRO in accordance with the plans for the combined bank as announced by Gerrit Zalm, CEO designate of the combined bank, on 19 May 2009.

There have been a few bright spots in the economy in recent weeks. In addition, a number of niche markets in which we are active appear to be recovering. We remain cautious, however. We assume retail markets will continue to be fragile, as consumers are likely to remain conservative and postpone larger expenditures. The financial markets are expected to remain uncertain too. All in all, we assume there will be constant pressure on our operating income, due to lower margins and fees. In addition, funding costs, default rates and costs for separation and preparation for integration remain high. As ever, we will continue to apply tight cost control in the period ahead. All this will require continuous management attention."

Amsterdam, 18 August 2009

Key figures

	First half year 2009	Second half year 2008	First half year 2008
Income statement			
Net interest income[1]	630	701	903
Net commissions and fees	352	405	418
Other income[1]	104	302	387
Total operating income[1]	**1,086**	**1,408**	**1,708**
Change in impairments[1]	(195)	(298)	(33)
Total net operating income[1]	**891**	**1,110**	**1,675**
Staff expenses	(425)	(453)	(462)
Other expenses	(409)	(649)	(466)
Total expenses	**(834)**	**(1,102)**	**(928)**
Net operating profit[1]	51	42	562
Exceptional items (net of tax)	287	(19,071)	(19)
Net profit attributable to shareholders	**338**	**(19,029)**	**543**
Financial ratios			
Return on equity (excluding exceptional items)	1.8%	0.8%	3.8%
Cost/Income ratio	76.8%	78.3%	54.3%

1) Excluding exceptional items

	30 June 2009	31 December 2008	30 June 2008
Balance sheet			
Due from banks	22,331	24,272	58,196
Due to banks	32,664	21,309	83,982
Due from customers	142,363	124,692	136,862
Due to customers	81,466	91,798	68,026
Shareholders' equity	3,304	2,944	21,880
Total balance sheet	199,442	184,203	308,586
Assets under management	28,711	28,452	58,830
Basel I Financial ratios			
Risk-weighted commitments	68,837	70,932	79,340
Tier 1 capital	5,327	5,276	8,920
Total capital	8,033	7,973	8,920
Tier 1 ratio	7.7%	7.4%	11.2%
Total capital ratio including interim profits	11.7%	11.2%	11.2%
Basel II Financial ratios			
Risk-weighted commitments	55,419	45,894	52,550
Tier 1 capital	5,053	5,102	8,746
Total capital	7,485	7,625	8,746
Tier 1 ratio	9.1%	11.1%	16.6%
Total capital ratio including interim profits	13.5%	16.6%	16.6%
Employees			
FTEs	9,547	9,793	9,888

Report of the Management Board

In the first half of 2009 Fortis Bank Nederland (Holding) N.V. achieved a net operating profit of EUR 51 million, driven by Retail Banking and Merchant Banking. Due to exceptional gains, the total net profit for the first half of 2009 came to EUR 338 million.

This net operating result was achieved despite the negative impact of challenging markets, high funding costs, high default rates and costs for separation and preparation for integration. Despite these difficult circumstances, Fortis Bank Nederland (Holding) N.V. had a successful start in rebuilding and reinforcing its businesses and its risk and treasury activities.

This report should be read in conjunction with the Consolidated Interim Financial Statements 2009 (including the accounting policies).

Key developments

- Net operating profit down to EUR 51 million in the first half of 2009 from EUR 562 million in the first half of 2008
- Net operating profit slightly above the second half of 2008 (EUR 42 million)
- Net profit of EUR 338 million positively impacted by exceptional gains on Fortis Capital Company Ltd. of EUR 271 million and recovered funds from the Madoff investment fraud of EUR 16 million
- The amount of loans granted to customers increased by 1.7% in the first half of 2009
- Clients remained loyal and showed their faith in the bank, as reflected by an increase in client deposits of roughly EUR 9 billion in the first half of 2009
- The short-term funding facility of EUR 34 billion granted by the Dutch State in October 2008 was fully repaid in the first half of 2009, ahead of schedule
- Changes in impairments in the first half of 2009 remained high at EUR 195 million (EUR 179 million including exceptional items)
- The availability of wholesale funding increased significantly since January 2009. The average amount of funds raised in the wholesale market (money markets and commercial paper) had increased on average to EUR 18 billion in June 2009 from EUR 12 billion in December 2008. The average tenor of wholesale funding also improved
- DNB reconfirmed the bank's advanced Basel II status
- On 30 June 2009, the solvency ratio had risen to 11.7% and the tier 1 ratio had climbed to 7.7% under Basel I. Under Basel II the solvency ratio decreased to 13.5% and the tier 1 ratio to 9.1%
- Much progress was made towards becoming a stand-alone bank. The separation from Fortis Bank SA/NV and ASR Nederland is well on track, as well as preparations for the integration with ABN AMRO in accordance with the plans for the combined bank as announced by the Transition Team on 19 May 2009

Net operating profit

The economic environment and last year's events have left their mark on the bank's net operating profit. Comparing the first six months of 2009 with the same period in 2008, this is best reflected by the sharp fall in total operating income, which was down to EUR 1,086 million from EUR 1,708 million and the increase in changes in impairments to EUR 195 million (excluding exceptional items) from EUR 33 million. In the second half of 2008 the changes in impairments were EUR 298 million (excluding exceptional items).

Compared with the second half of 2008, the net operating profit edged up to EUR 51 million from EUR 42 million.

In the first half of 2009, net interest income (excluding exceptional items) fell by 30% compared with the same period in 2008. The sharp decrease in net interest income was caused mainly by higher interest costs of short-term funding, savings and issued debt.

Total expenses decreased to EUR 834 million in the first half of 2009 from EUR 928 million in the first half of 2008; the separation had a positive impact of EUR 61 million. Tight cost control and lower staff expenses, resulting from a reduction of FTEs, explain the remainder of the decline.

Net profit

The net profit for the first half of 2009 was positively impacted by two exceptional gains. The cash settlement of Fortis Capital Company Ltd. (FCC) resulted in a capital gain of EUR 271 million (net of tax). In addition, EUR 16 million net of tax was recovered from the Madoff investment fraud.

Net profit per business

Retail Banking and Merchant Banking made positive contributions to net profit. Private Banking incurred a small net loss.

Retail Banking

Retail Banking recorded a net profit of EUR 62 million in the first half of 2009, down from EUR 110 million in the second half of last year. This result was negatively impacted by high funding costs and shrinking margins on savings due to fierce competition on the savings market. Regained trust in the bank in 2009 led to an inflow of savings and brought savings levels above those of June 2008. The reduction of expenses could not make up for the fall in income.

Private Banking

Private Banking saw its net result decrease to EUR 3 million negative, which was partly caused by the separation from Fortis Bank SA/NV. As a consequence of the separation, all employees working for the international network but located in the Netherlands were allocated to MeesPierson in the Netherlands. Many of these specialists will be valuable to the future combined Private Bank of MeesPierson and ABN AMRO. As a result, MeesPierson chose to accept the resulting and temporary higher level of costs. In addition, the net result was influenced by fierce competition for savings, high funding expenses for credit activities and a decrease in commissions and fees as a result of the continued adverse markets. Costs were reduced thanks to tight cost control and the transfer of the Singapore activities. Assets under management grew by EUR 1.3 billion, mainly due to a positive net inflow of EUR 0.8 billion.

Merchant Banking

Merchant Banking generated a net profit of EUR 39 million and a net operating profit of EUR 23 million. The difference of EUR 16 million is an exceptional gain owing to recovered funds in the Madoff fraud. The net operating profit in the first half of 2009 was higher than the second half of 2008 (loss of EUR 2 million). The main contributors to the net profit of Merchant Banking are Global Markets, Brokerage Clearing & Custody (BCC) and Energy as well as Commodities, partly neutralised by unfavourable mark-to-markets revaluations in the private equity portfolio and impairments within large companies. Comprehensive refinancing solutions and capital market transactions offered to prominent Dutch listed corporates confirm the bank’s client focus and ability to create professional solutions for our clients. Income was under pressure due to the solvency restrictions. Tight cost control kept costs from rising.

Other

The net profit reported under ‘other’ came to EUR 240 million, thanks to exceptional items. ‘Other’ shows a net operating loss of EUR 31 million (mainly separation costs) for activities that are recognised at bank level rather than being allocated to a specific business.

Balance sheet

Changes in the balance sheet are presented on the basis of movements in amounts due from customers, and amounts due to customers.

In the first half of 2009, the bank actively managed its balance sheet. The balance sheet total increased from EUR 184 billion on 31 December 2008 to EUR 199 billion on 30 June 2009. The change in total assets and the change in ‘due from customers’ relates primarily to the method of repayment of the EUR 34 billion short-term debt facility to the Dutch State, and its recognition in the balance sheet. The debt facility has been redeemed for an amount of EUR 18.5 billion and partly offset for an amount of EUR 15.5 billion in deposits placed with the Dutch State. The latter has extended the balance sheet through an increase in ‘due from customers’. This effect will gradually disappear as the deposits placed and received will mature at the same time and consequently the balances of ‘due from customers’ and ‘due to customers’ will decrease.

When adjusted for the EUR 15.5 billion in deposits placed with the Dutch State, total ‘due from customers’ increased by 1.7% in the first six months of 2009.

Total deposits, again when adjusted for deposits received from the Dutch State, increased by approximately 17%.

Fortis Bank Nederland (Holding) N.V. has no investments in US mortgage-related investment products or collateralised debt obligations (CDOs).

Impairments

In the first half of 2009, changes in impairments (excluding exceptional items) increased to EUR 195 million (Retail Banking EUR 51 million, Private Banking EUR 4 million, Merchant Banking EUR 137 million and EUR 3 million relates to Other). This is significantly lower than EUR 298 million (excluding exceptional items) in the second half of 2008, yet substantially higher than in the first half of 2008 (EUR 33 million). This change in provisions clearly shows the effect of the deteriorating economy.

The increase in impairments was mainly driven by increases in impairments for (credit) exposures to customers (EUR 145 million) and banks (EUR 32 million).

Funding

On 2 July 2009, Fortis Bank Nederland (Holding) N.V. announced that it had repaid the short-term loan facility of EUR 34 billion to the Dutch State in the first half of 2009. This repayment of this loan facility was partly financed by increases in client savings and deposits, increases in wholesale funding and issues of short and long-term debt certificates under new funding programmes, some of which are partly guaranteed by the government.

In the first half of 2009, the availability of wholesale funding improved significantly, which allowed Fortis Bank Nederland (Holding) N.V. to benefit from improved pricing conditions and extending the tenor of the funding. The average amount of funds raised in the wholesale market (money markets and commercial paper) had increased to EUR 18 billion in June 2009 from EUR 12 billion in December 2008.

Capital

On 30 June 2009, total capital amounted to EUR 8,033 million under Basel I, compared with EUR 7,973 million at year-end 2008, while total capital under Basel II amounted to EUR 7,485 million relative to EUR 7,625 million at year-end 2008.

On 30 June 2009, tier 1 capital under Basel I amounted to EUR 5,327 million compared with EUR 5,276 million at year-end 2008, while tier 1 capital under Basel II amounted to EUR 5,053 million relative to EUR 5,102 million at year-end 2008.

Solvency

On 30 June 2009, the Basel I solvency ratio increased to 11.7% (up from 11.2% per year-end 2008) and the Basel I tier 1 ratio was 7.7% (up from 7.4% year-end 2008).

On 30 June 2009, the Basel II solvency ratio stood at 13.5% (down from 16.6% at year-end 2008) and the Basel II tier 1 ratio came to 9.1% (down from 11.1% year-end 2008). The decline mainly relates to temporary add-ons to the risk-weighted assets, due to application of the Standardised Approach in some portfolios (until the advanced models are validated and approved by DNB).

Fortis Capital Company (FCC)

Following FCC’s successful legal proceedings against Fortis Holdings and the subsequent EUR 362,511,000 cash settlement, EUR 87,489,000 of the class A1 preference shares remain outstanding. Since 29 June 2009, the dividend on the outstanding class A1 preference shares has been payable in arrears and calculated on the paid-up value of the preference shares at three-month EURIBOR plus 260 basis points.

Risk Management

Following separation from Fortis Group, Fortis Bank Nederland (Holding) N.V.’s risk profile has been brought in line with the new ambition and balance sheet of a stand-alone bank. The bank’s risk appetite was reformulated, which in turn was translated into a set of transparent limits and targets for the key risk indicators covering the full risk spectrum. As a result, balance sheet risks of the bank in a stand-alone situation have returned to more conservative levels with adequate solvency ratios, control over risk-weighted asset growth, good market access to a wide range of funding sources and a conservative interest rate risk profile. Moreover, trading risks have been moderated to match the reduced size of the balance sheet and capital base of Fortis Bank Nederland (Holding) N.V. A new credit risk framework was developed to manage concentration risks. DNB has reconfirmed the bank's advanced Basel II status.

International network

In the past, several departments of Fortis Bank Nederland (Holding) N.V. were active outside the Netherlands under the local licenses of entities owned by Fortis Bank SA/NV. In order to continue these activities, the bank has applied for branch licenses in Singapore, Dubai, Brazil, France and Belgium. Important international separation projects include rebuilding of the international IT network, linking the different offices with each other and the Netherlands, and the rollout of a core banking platform for the offices abroad.

In October 2008, Brokerage, Clearing & Custody (BCC) - part of Merchant Banking - lost its US franchise due to the separation from Fortis Bank SA/NV. BCC has repurchased these activities from Fortis Bank SA/NV to re-establish its position in the United States and to complete its presence in all time zones.

Separation

The separation has been in full swing since the start of 2009 and it is well on track to be completed within the set timeframe. By the end of 2009, approximately 75% of the dependencies will have been resolved, and by the end of September 2010, Fortis Bank Nederland (Holding) N.V. will have been fully separated from Fortis Bank SA/NV, ASR Nederland and Fortis Corporate Insurance N.V.

Integration

On 19 May 2009 a general outline of the plans for the combined bank was announced by the Transition Team. The name of the combined bank will be ABN AMRO. Private Banking Netherlands will be named ABN AMRO MeesPierson. The new organisation will be composed of two businesses, i.e. Retail & Private Banking and Commercial & Merchant Banking, supported by various central functions.

Simplified legal structure

In its 2008 Annual Report, Fortis Bank Nederland (Holding) N.V. announced its intention of simplifying its legal structure. In the current legal structure, Fortis Bank (Nederland) N.V. is a subsidiary of Fortis Bank Nederland (Holding) N.V. By way of a legal merger in accordance with the Dutch Civil Code, Fortis Bank (Nederland) N.V. (the 'Disappearing Company') will merge into Fortis Bank Nederland (Holding) N.V. (the 'Acquiring Company'). As a result, the Acquiring Company will acquire all assets and liabilities of the Disappearing Company by universal succession. The transfer by universal succession of title implies that for the transferable assets there are no special transfer requirements nor is there a need for cooperation by third parties, other than execution of the notarial deed of merger. The Disappearing Company will cease to exist. On the effective date of the merger, Fortis Bank Nederland (Holding) N.V. will change its statutory name into Fortis Bank (Nederland) N.V. The merger is expected to be effectuated in the third quarter of 2009, subject to the timely receipt of all necessary legal and regulatory approvals.

Management Board

On 1 January 2009, Fortis Bank Nederland (Holding) N.V.'s Management Board consisted of five members: Jan van Rutte (Chairman), Frans van der Horst (Deputy-Chairman), Frans Demmenie, Jeroen Dijst and Jeanine Helthuis. In addition to these board members, there are two non-statutory directors, Fred Bos and Frans van Lanschot. Ms Helthuis decided to leave Fortis Bank Nederland (Holding) N.V. with effect from 2 July 2009. We would like to thank her for her valuable contribution to the development of Fortis Bank Nederland Retail Banking and Fortis Bank Nederland (Holding) N.V. as a whole.
Ms Helthuis's responsibilities were taken over by other board members.

The primary areas of responsibility of the Management Board members as at 2 July 2009 are given below:

Jan van Rutte (1950)	Chairman of the Management Board and interim Chief Financial Officer, responsible for the support functions Finance, Tax, Audit Services, Compliance, Legal and Private Banking.
Frans van der Horst (1959)	Deputy-Chairman of the Management Board, Chief Operations Officer, responsible for Operations, Retail Banking and Human Resources.
Frans Demmenie (1952)	Member of the Management Board, responsible for Merchant Banking.
Jeroen Dijst (1971)	Member of the Management Board, Chief Risk Officer, responsible for Risk.

Non-statutory directors

Fred Bos (1961)	Responsible for Commercial Banking, Private Banking and Trust.
Frans van Lanschot (1950)	Responsible for Corporate Banking, Investment Banking, Energy, Commodities & Transportation, Principal Finance, Transaction Banking, Asset Based Finance, Commercial Finance, Corporate Communications and Corporate Social Responsibility.

Supervisory Board

The Supervisory Board has six members: Hessel Lindenbergh (Chairman), Inge Brakman, Michael Enthoven, Erik van de Merwe (Deputy-Chairman), Ada van der Veer-Vergeer and Hélène Vletter-van Dort.

FTEs

On 30 June 2009, Fortis Bank Nederland (Holding) N.V. employed 9,547 FTEs, a reduction of 2.5% compared with 9,793 at year-end 2008. Apart from limited natural turnover, the reduction of FTEs mainly relates to the separation from ASR Nederland and Fortis Holdings and to shifts in Merchant Banking due to the separation and changes to the organisation. Around one quarter of the workforce was based outside the Netherlands.

Statement of the Management Board

The members of the Management Board hereby declare that, to the best of their knowledge, the Interim Financial Statements 2009, which have been prepared in accordance with IAS 34 Interim Financial Reporting, give a true and fair view of the assets, liabilities, financial position and profit of Fortis Bank Nederland (Holding) N.V. and the undertakings included in the consolidation as a whole, and that the Report of the Management Board includes a fair review of the information required pursuant to section 5:25d subsections 8 and 9 of the Dutch Financial Markets Supervision Act (‘*Wet op het Financieel Toezicht*’).

Amsterdam, 18 August 2009

Jan van Rutte   Frans van der Horst   Frans Demmenie   Jeroen Dijst

Business overview

Fortis Bank Nederland (Holding) N.V. operates worldwide through three client-focused businesses: Retail Banking, Private Banking and Merchant Banking. Each business comprises several business lines. Summaries of the developments per business are given below. Inter-company effects have been eliminated from the numbers presented in the Business activities section. Segment reporting is included in note 28 Information on Segments.

Retail Banking

	First half year 2009	*Second half year 2008*	*First half year 2008*
Total operating income	426	500	486
Total expenses	(288)	(332)	(304)
Change in impairments	(51)	(51)	(26)
Net operating profit	62	110	110
Exceptional items (net of tax)			
Net profit attributable to shareholders	**62**	**110**	**110**
Cost/Income ratio	68%	66%	63%

	30 June 2009	*31 December 2008*	*30 June 2008*
Due from customers	69,986	69,448	67,868
Due to customers	14,716	13,208	14,943
Assets under management	960	674	867
Credit Risk (Basel I)	13,061	17,758	19,118
Credit Risk (Basel II)	6,542	7,628	
FTEs	2,301	2,310	2,318

Business update

Margins on the mortgage portfolio increased slightly. Due to the deterioration of the housing market, mortgage production declined in 2009 compared with 2008, while at the same time there was less outflow from early redemptions. The market share in mortgage production shrank, due to unrelenting competition in the first half of 2009.

Margins for commercial loans recovered, but fee-related income fell due to deteriorating market circumstances.

Competition in the market for savings and deposits in the Netherlands is fierce and interest rates are high, which puts pressure on margins. On 30 June 2009, savings and saving deposits had reached levels above those registered in June 2008, owing to regained customer trust in the bank.

Operating income

In the first half of 2009, net operating income fell to EUR 62 million, mainly due to high funding costs for the bank, as a consequence of the banking crisis and lower margins on savings.

Costs

Total costs fell by EUR 16 million compared with the first half of 2008, mainly owing to lower overhead and the fact that staff and other expenses decreased slightly.

Changes in impairments of EUR 51 million were stable compared with the second half of 2008, but increased compared with the first half of 2008, mainly due to deteriorating market circumstances, especially in small and medium-sized enterprises.

Net profit

Although net profit declined to EUR 62 million during the first half of 2009, the cost/income ratio of 68% increased slightly compared with the second half of 2008.

FTEs

The number of FTEs fell by less than 1% (17 FTEs in total) compared with the first half of 2008.

Private Banking

	First half year 2009	Second half year 2008	First half year 2008
Total operating income	60	90	128
Total expenses	(62)	(88)	(85)
Change in impairments	(4)	(1)	(1)
Net operating profit	(3)	2	36
Exceptional items (net of tax)		(11)	
Net profit attributable to shareholders	**(3)**	**(9)**	**36**
Cost/Income ratio	103%	98%	66%

	30 June 2009	31 December 2008	30 June 2008
Due from customers	4,463	4,262	4,253
Due to customers	6,885	5,714	8,151
Assets under management	24,754	23,433	28,366
Credit Risk (Basel I)	2,386	2,534	2,366
Credit Risk (Basel II)	925	1,091	
FTEs	586	554	568

Business update

In the first half of 2009, Private Banking continued to focus on client relations. This resulted in a positive net new inflow of EUR 0.8 billion, despite ongoing difficult market circumstances. The *Euromoney* magazine 2009 survey awarded MeesPierson several number one positions (including high net worth clients, entrepreneurs and hedge fund investments) and ranked Private Banking second in private banking services overall in the Netherlands. MeesPierson Private Insurance was awarded the international Hiscox Award for quality of expertise.

Clients have remained loyal to MeesPierson, as reflected by the outcome of a recent client survey and the positive net intake. However, clients continue to be cautious and are still hesitant to invest in equities, preferring cash and cash-linked instruments. This impacted commission and fee income. Nevertheless, Private Banking successfully launched several investment solutions allowing clients to protect their investment portfolios or to benefit from a potential stock market rally, for example through the ‘Global Equity Performance Note’, launched in June 2009.

In terms of governance, the main priority was executing the full separation from Fortis Bank SA/NV. This was reflected in, for instance, the rebranding of the Private Banking activities to MeesPierson, which was well received by both clients and staff. Because of the dominant position of the Dutch Private Banking activities, the vast majority of global specialists and head office functions are located in the Netherlands, meaning that dependence on Fortis Bank SA/NV was quite low. Hence, the separation is fully on track, with completion planned for October 2009. As a consequence of the separation, all employees working for the international network, but located in the Netherlands, were allocated to MeesPierson in the Netherlands, while it is no longer possible to rebill part of the associated costs to the international network. As many of these specialists will be valuable to the future combined private bank of MeesPierson and ABN AMRO, this temporary imbalance will be partly maintained in preparation for the integration with ABN AMRO. Teams are jointly developing a transition plan for the combined Private Bank.

Operating income

Total operating income fell by EUR 68 million compared with the first half of 2008, EUR 10 million of which was due to the transfer of the Singapore activities to Fortis Bank SA/NV. In net Interest Income, Private Banking suffered from the highly competitive savings market and high funding expenses for credit activities. Net Commissions and Fees were strongly impacted by market trends. Compared with year-end 2008, assets under management increased in the first half of 2009, due mainly to a net intake of EUR 0.8 billion.

Costs

Thanks to a strict cost monitoring regime, total costs were reduced by EUR 22 million, partly because of the transfer of the Singapore activities to Fortis Bank SA/NV, which accounted for a EUR 10 million reduction.

Net profit

Net profit fell by EUR 39 million, of which EUR 18 million outside the Netherlands, which was caused by adverse market circumstances.

FTEs

Due to the separation from Fortis Bank SA/NV, FTEs in the Netherlands needed to be reallocated, causing a shift from indirect (for services rendered by these FTEs) to direct costs. Normalised for this reallocation, the overall number of FTEs fell by 4%.

Merchant Banking

	First half year 2009	*Second half year 2008*	*First half year 2008*
Total operating income	590	724	1,020
Total expenses	(440)	(481)	(449)
Change in impairments	(137)	(236)	(6)
Net operating profit	23	(2)	448
Exceptional items (net of tax)	16	(911)	
Net profit attributable to shareholders	**39**	**(913)**	**448**
Cost/Income ratio	75%	66%	44%

	30 June 2009	*31 December 2008*	*30 June 2008*
Due from customers	66,197	49,463	66,249
Due to customers	53,860	66,474	37,290
Assets under management	2,886	3,971	6,599
Credit Risk (Basel I)	39,467	42,124	53,513
Credit Risk (Basel II)	33,569	27,648	
FTEs	4,412	4,521	4,534

Business update

Merchant Banking combines a solid position in its home market with a strong position on a European or worldwide scale in specific skills with growth perspectives. It provides a broad range of services customised to meet customers' needs, based on in-depth analysis of their expectations. Customer satisfaction surveys have shown that the service offering scores well compared with peers and that customers appreciate the open communication. The exceptional circumstances of the past twelve months have not resulted in higher client turnover.

In the first half of 2009, a great deal of effort was put into liquidity and funding initiatives. The rise in deposits from corporates of more than EUR 1.8 billion since year-end 2008 shows increasing confidence among clients. However, volumes are expected to shrink in the second half of the year, as clients are focusing on paying off debt.

In today's economic climate, strict risk management is of vital importance. Merchant Banking has taken action to further improve and optimise the use of risk-weighted assets. Relationship managers are reporting a growing demand from clients for advice on managing their financial risks.

Market conditions deteriorated further in the first half of 2009, which led to additional defaults and mark-to-market revaluations of the private equity portfolio. At the same time, however, existing credits have been extended and new loans are being provided to both existing and new clients. In the first half of 2009, 'due from customers' increased to EUR 66.2 billion. Adjusted for the EUR 15.5 billion in deposits placed with the Dutch State (in relation to the repayment of the short-term facility), the amount of loans granted to customers increased by EUR 1.2 billion.

As a sign of possible recovery, bond issuances are becoming more popular. Corporate restructurings also contributed to additional deal flow, including advisory services and rights issues.

With its many different teams and skills, Merchant Banking was involved in several high-profile transactions with listed Dutch companies. For example, comprehensive refinancing solutions, including rights issues, for Wavin and Heijmans were successfully completed. In addition, transactions on behalf of Ordina and Exact (both equity) and KPN (debt) confirm the bank's strong position in the Dutch capital markets.

Merchant Banking has an international presence in three important time zones with local expertise and proximity to customers and is committed to initiatives for achieving organic growth through innovation, operational efficiency and customer focus. To further strengthen the international presence, a Middle-East team has been operational again since June 2009. Brokerage, Clearing & Custody (BCC) has re-established its position in the United States by re-acquiring the activities that remained with Fortis Bank SA/NV following the separation. The expected opening of a branch office in Singapore and the establishment of global market hubs in New York and Hong Kong, providing the bank with access to the US and Asian capital markets, is a further step towards completing Merchant Banking's worldwide presence in all time zones.

Update on the Madoff fraud

On 12 March 2009, Bernard L. Madoff, founder of Bernard L. Madoff Investment Securities LLC (BLMIS), pleaded guilty to 11 charges brought against him by the United States Attorneys' Office for the Southern District of New York. Madoff admitted that he had operated a Ponzi scheme for many years through BLMIS, i.e. a scheme whereby new investors' funds were used to meet payment requests from existing investors, as well as using such new funds for his own personal, family's and associates' benefit. On 29 June 2009, Madoff was sentenced to 150 years in federal prison. While Fortis Bank Nederland (Holding) N.V. has no direct exposure to BLMIS, parts of the bank and its clients do have exposure to certain funds it provided collateralised lending to. If, as a result of the fraud, the value of the assets of these funds is nil and the clients concerned are unable to meet their obligations, Fortis Bank Nederland (Holding) N.V.'s loss could amount to approximately EUR 1 billion. Even though the details of the fraud are not yet clear, a provision was taken in 2008.

Fortis Bank Nederland (Holding) N.V. is investigating possible strategies for recovering its losses. A total amount of EUR 16 million (exclusive of costs) was already recovered in the first half of 2009. The bank continues to take all reasonable steps to mitigate any further negative effects from the Madoff fraud.

Operating income

In first half of 2009, total operating income fell to EUR 590 million, down by EUR 134 million compared with the second half of 2008 and by EUR 430 million compared with the first half of 2008. The drop is attributable to:

- Corporates: mainly due to mark-to-market revaluations and one-off capital gains in the first half of 2008, and solvency restrictions in combination with the worldwide recession
- Markets: mainly due to the impact of changed market circumstances and a re-allocation to ALM
- Commercial Banking and Trust: mainly due to the negative influence of net interest movements impacted by lower market rates and changes in the scope due to a divestment at the end of 2008

Costs

Costs were reduced to EUR 440 million in the first half of 2009 from EUR 481 million in the second half of 2008, mainly owing to lower staff expenses. In comparison with the first half of 2008, costs went down slightly by EUR 9 million.

Changes in impairments came to EUR 137 million negative in the first half of 2009, mainly attributable to provisions on the portfolios of acquisition & leveraged finance, Eastern European banks, (suppliers of) transport & logistics, and horticulture.

Net profit

In the first half of 2009, Merchant Banking generated a net profit of EUR 39 million and a net operating profit of EUR 23 million. The difference is a EUR 16 million exceptional gain owing to recovered funds from the Madoff fraud. In the second half of 2008, Merchant Banking generated a net loss of EUR 2 million. The higher net operating profit in the first half of 2009 was mainly attributable to lower impairments and lower cost levels, though this was offset by decreased total operating income. All in all, this caused the cost/income ratio to deteriorate to 75% in the first half of 2009.

FTEs

At 30 June 2009, the number of FTEs stood at 4,412 (of which nearly 2,000 abroad), a reduction of 109 relative to year-end 2008. The reduction of FTEs at Merchant Banking was mainly attributable to the separation from Private Banking Singapore and the transfer of FTEs from Merchant Banking to Private Banking for support activities in the Netherlands. On the other hand, the number of FTEs rose in markets outside the Netherlands, which were not part of Fortis Bank Nederland (Holding) N.V. before the stand-alone situation.

Funding

On 2 July 2009, Fortis Bank Nederland (Holding) N.V. announced that it had repaid the short-term loan facility of EUR 34 billion to the Dutch State, ahead of schedule. The repayment of this loan facility was partly financed by increases in client savings and deposits and issues of short and long-term debt certificates under new funding programmes, part of which is government guaranteed.

New funding programmes

In April 2009, Fortis Bank Nederland (Holding) N.V. launched a new EUR 40 billion funding programme for the issuance of State Guaranteed Notes guaranteed under the 2008 EUR 200 billion Credit Guarantee Scheme of the Dutch State. In May 2009, Fortis Bank Nederland (Holding) N.V. launched an EUR 25 billion funding programme for the issuance of Euro-Commercial Paper (ECP). This programme allows for unsecured issuances either guaranteed or not-guaranteed by the Dutch State. In June 2009, Fortis Bank Nederland (Holding) N.V. launched a EUR 25 billion funding programme for the issuance of unsecured French Certificats de Dépôt (FCP), directed at French institutional investors.

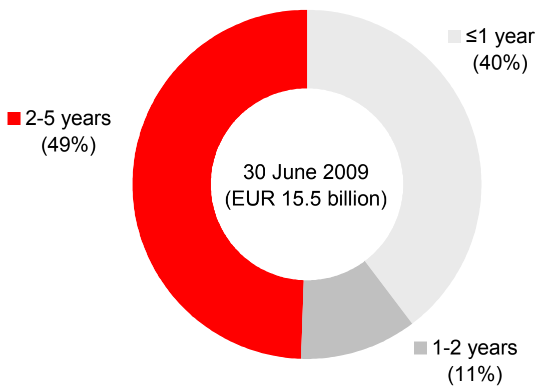
The completion of a EUR 40 billion Euro Medium Term Notes (EMTN) programme is expected in the third quarter of 2009.

In addition, a Covered Bond programme is expected to be launched in the second half of 2009. These new funding programmes should ensure adequate flexibility to provide short and long-term liquidity.

Government guaranteed funding

Fortis Bank Nederland (Holding) N.V. issued several publicly and privately placed debt certificates to the total amount of EUR 9.4 billion under the Dutch State Guaranteed Notes programme. Under the Euro-Commercial Paper programme the bank issued EUR 6.1 billion of debt guaranteed by the Dutch government. On 30 June 2009, the total amount of debt guaranteed by the Dutch government stood at EUR 15.5 billion. The following graph shows the details of the variety of maturities of debt certificates issued under the government guaranteed programme.

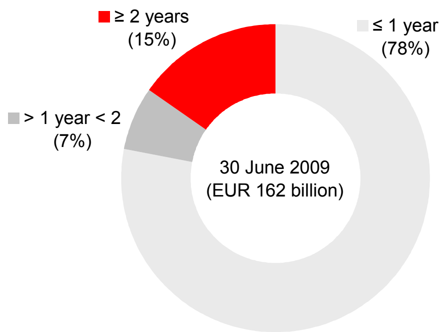
Maturities of government guaranteed funding per 30 June 2009:

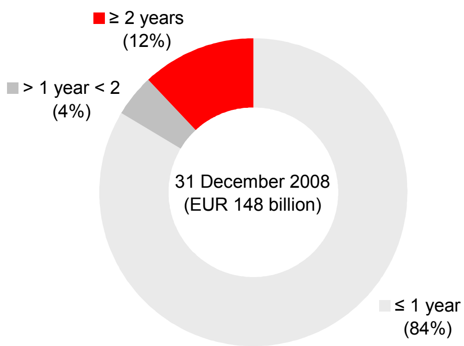


Improvement of funding profile

The funding mix has further improved and benefited from the launch of several debt issuances under the new funding programmes and from the market improvements in wholesale funding.

The refinancing efforts have further reduced the dependence on short-term funding. For the combined balance sheet items ‘due to customers and banks’, ‘debt certificates’ and ‘subordinated liabilities’, the maturities increased substantially. As the charts below show, funding with a maturity of up to one year had decreased to 77% on 30 June 2009 from 84% on 31 December 2008. If ‘due to customers’ is adjusted for EUR 15.5 billion in deposits received from the Dutch State, the percentage of 77% improves to 74%.



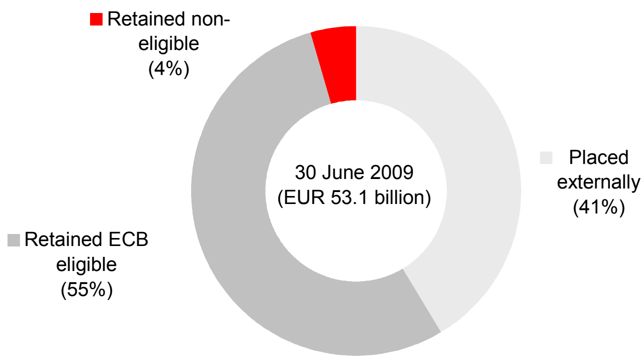


Subject to market conditions, Fortis Bank Nederland (Holding) N.V. expects to further improve its funding mix in the second half of 2009.

Mortgage securitisations

Securitisations are used as a technique to create ECB-eligible collateral on mortgages originated in-house. In the first half of 2009, new securitisations of in-house originated mortgages generated EUR 16 billion of collateral. On 30 June 2009, EUR 53.1 billion in RMBS notes were available on Dutch mortgages. Of these RMBS notes EUR 28.8 billion was retained and EUR 22.0 billion was placed externally. The externally placed RMBS notes provide transfer of risk and long-term funding. Retained positions are used as collateral under various activities including derivatives activities, ECB Tenders and for daily payment capacity.

RMBS portfolio:



Capital

			30 June 2009			31 December 2008
	IFRS	Solvency Basel I	Solvency Basel II	IFRS	Solvency Basel I	Solvency Basel II
Share capital and reserves	2,921	3,052	3,052	21,361	21,492	21,492
Net profit attributable to shareholders	338	338	338	(18,486)	(18,486)	(18,486)
Minority interests	81	79	79	75	73	73
Unrealised gains and losses	45			69		
Total equity (IFRS)	**3,385**			**3,019**		
Non-innovative hybrid capital instruments		2,077	2,077		1,986	1,986
Total core Tier 1 capital		**5,546**	**5,546**		**5,065**	**5,065**
Innovative hybrid capital instruments					450	450
Participating interests in financial institutions		(5)	(5)		(5)	(5)
Intangible assets		(166)	(166)		(162)	(162)
Other deductions & filters		(48)	(48)		(72)	(72)
Shortfall			(274)			(174)
Tier 1 capital		**5,327**	**5,053**		**5,276**	**5,102**
Subordinated loans		3,588	3,588		3,690	3,690
Participating interests in financial institutions		(5)	(5)		(5)	(5)
Unrealised gains and losses		45	45		69	69
Other deductions & filters		(922)	(922)		(1,057)	(1,057)
Shortfall			(274)			(174)
Total capital including interim profits		**8,033**	**7,485**		**7,973**	**7,625**
Financial ratios						
Credit risk		68,301	48,854		70,658	39,459
Operational risk			6,029			6,161
Market risk		536	536		274	274
Risk-weighted commitments		68,837	55,419		70,932	45,894
Tier 1 ratio		7.7%	9.1%		7.4%	11.1%
Total capital ratio		11.7%	13.5%		11.2%	16.6%

Compliance with Basel II

Before October 2008, the Belgian CBFA considered Fortis Bank Nederland (Holding) N.V. to be Basel II compliant. In May 2009, DNB – Fortis Bank Nederland (Holding) N.V.'s regulator – confirmed its approval for the use of AIRBA and AMA on a stand alone basis, subject to the preparation of a repair plan that focuses on closing the material gaps before year-end 2009. One material issue relates to the development, validation and approval of risk models mainly to replace models that were originally developed in Belgium. Until these advanced models are validated and approved by DNB, the risk-weighted assets of the impacted portfolios will be calculated via Standardised Approach, causing risk-weighted assets (RWA) to increase by EUR 8 billion under Pillar 1 of Basel II.

In addition, changes in the way the RWA of securitised mortgages held on balance are calculated, resulted in an increase of the Basel II reporting of 1.8 billion. Combined, these (temporary) model changes have a negative effect of 2.6% on the bank's solvency under Basel II.

The additional RWA for credit risk will disappear once DNB grants approval for the newly developed credit risk models. DNB's approval is expected in early 2010.

Fortis Capital Company

On 29 June 1999, Fortis Capital Company Ltd. ('FCC'), a wholly-owned subsidiary of Fortis Bank Nederland (Holding) N.V., issued 450,000 class A1 preference shares with a total nominal value of EUR 450 million in order to strengthen Fortis Bank Nederland (Holding) N.V.'s tier 1 capital on a permanent basis. FCC made the net proceeds of this issue available to Fortis Bank Nederland (Holding) N.V. in the form of a subordinated loan. The preference shares are listed and traded on Euronext Amsterdam by NYSE Euronext.

Converted shares

On 31 March 2009, FCC notified the holders of class A1 preference shares that it had decided not to redeem the preference shares for cash on the First Call Date (29 June 2009). In accordance with the subsequent stock conversion procedure as set out in the offering memorandum (the Stock Conversion procedure), holders of 362,511 preference shares exercised their right to exchange the preference shares into (twinned) ordinary shares of Fortis SA/NV and Fortis N.V. (Fortis Holdings). However, on 15 April 2009 Fortis Holdings instructed FCC, as permitted by the Stock Conversion procedure, to redeem the preference shares for which conversion notices had been provided through cash settlement (Cash Settlement).

FCC was forced to bring a summary hearing against Fortis Holdings to ensure compliance with their absolute and unconditional contractual undertaking to deliver to FCC upon Cash Settlement the required cash amount per converted preference share (EUR 362,511,000 in total). On 25 June 2009, the court ruled in favour of all FCC's claims and Fortis Holdings subsequently paid to FCC the full amount due, which enabled FCC to exchange the 362,511 preference shares for cash on 29 June 2009.

Fortis Holdings have announced that they will appeal against the court decision, claiming a form of compensation. FCC and Fortis Bank Nederland (Holding) N.V. continue to hold the opinion that Fortis Holdings are not entitled to any compensation.

Outstanding shares

The holders of the remaining 87,489 preference shares have not exercised their conversion right as part of the Stock Conversion procedure. Since 29 June 2009, the dividend on these outstanding preference shares has been payable in arrears and is calculated on the paid-up value of the preference shares at three-month EURIBOR plus 260 basis points.

Capital implications

Following the Cash Settlement of 362,511 class A1 preference shares, an amount of EUR 362,511,000 (adjusted for tax) is accounted for as a capital gain and the remaining EUR 87,489,000 is accounted for as non-innovative tier 1 capital.

Mandatory Convertible Securities (MCS)

On 7 December 2007, Fortis Bank Nederland (Holding) N.V., Fortis Bank SA/NV and the Fortis Holdings issued Mandatory Convertible Securities (MCS) with a nominal amount of EUR 2 billion. The MCS pay semi-annual coupons, in arrears, at an annual rate of 8.75%. Accordingly, payments were made on 7 June 2008, 7 December 2008 and 7 June 2009.

For regulatory purposes, the MCS are treated as part of Tier 1 capital, but they are included as a subordinated liability in the balance sheet. The MCS constitute unsecured and subordinated obligations of Fortis Bank Nederland (Holding) N.V., Fortis Bank SA/NV and Fortis Holdings. As set out in the prospectus, the obligations of the issuers of the MCS are joint and several. The MCS are subordinated to all other loans, subordinated loans and preference shares, but rank senior to ordinary shares.

All outstanding MCS will be mandatorily converted on 7 December 2010 into a number of Fortis Holdings' shares to be determined in accordance with the prospectus. The issuers and holders have the right to convert the MCS prior to maturity into Fortis Holdings shares in the events set out in the prospectus, and subject to specific terms and conditions.

Fortis FBN(H) Preferred Investments

In December 2007, Fortis Bank Nederland (Holding) N.V. issued 150,000 class A non-cumulative preference shares to the total amount of EUR 210 million to Fortis FBN(H) Preferred Investments B.V. (FFPI). These preference shares are recognised as tier 1 capital. Until January 2013, the preferred dividend on the class A preference shares is 5.85%. The Dutch State owns 35 priority shares in FFPI and institutional investors own three classes of ordinary shares in FFPI. The priority shares held by the Dutch State effectively allow the State to control FFPI.

Separation and Integration

Separation

On 3 October 2008, the Dutch government took over Fortis Bank Nederland (Holding) N.V., ASR Nederland (former Fortis Verzekeringen Nederland N.V.) and Fortis Corporate Insurance N.V. The split-up of Fortis Group has led to several separation projects, since the activities of Fortis Bank Nederland (Holding) N.V. were to a large extent integrated with those of Fortis Bank SA/NV and to a lesser extent with those of ASR Nederland and Fortis Corporate Insurance. Fortis Bank Nederland (Holding) N.V. aims at achieving full independence as soon as possible, while avoiding inconvenience to customers and ensuring continuity in all its activities.

Separation from Fortis Bank SA/NV

A joint governance structure was set up in early October 2008 to separate the activities of Fortis Bank Nederland (Holding) N.V. and Fortis Bank SA/NV in a planned and controlled manner. The planning phase concluded on 30 March 2009, when Fortis Bank Nederland (Holding) N.V. and Fortis Bank SA/NV signed a Separation Agreement. This agreement includes arrangements made about the conduct of the parties during the transition period, the continuation of mutually provided services during the transition period, and the various separation projects to end mutual dependence. The main principles of the Separation Agreement are to ensure that each party to the agreement can continue the course of its business operationally, legally, and organisationally as soon as possible, but on 30 September 2010 at the latest.

All mutual services have been identified and separation projects have been set up. A large number of separation projects are relatively straightforward, with the exception of four projects that cover approximately 80% of the separation, i.e. Infrastructure & Operations, Risk, Finance and Global Markets. A number of separation projects have already been completed.

The separation has been underway since February 2009. A separation execution platform was set up to manage and control timely execution, including a procedure for monitoring and change management. This procedure is functioning as it should, and the separation is well on track to be completed within the set timeframe.

In addition, an international separation platform was set up to address the separation in countries outside the Netherlands. Measures required to guarantee business continuity to local and international clients have been taken and are on track. The main international separation challenges lie in the areas of shared enabling activities (IT, HR and Facilities) and applications for licenses. In the past, several departments of Fortis Bank Nederland (Holding) N.V. were active outside the Netherlands under the local licenses of entities owned by Fortis Bank SA/NV. In order to continue these activities, the bank has applied for branch licenses in Singapore, Dubai, Brazil, France and Belgium among other countries. Important international separation projects include rebuilding of the international IT network, linking the different offices with each other and the Netherlands, and the rollout of a core banking platform for the offices abroad.

By the end of 2009, 75% of the dependencies will have been resolved, and by the end of September 2010, the two entities will have been fully separated.

Separation from ASR Nederland

On 21 November 2008, the Dutch government announced that the insurance business would be separated from the bank. At the time of the announcement, ASR Nederland and Fortis Bank Nederland (Holding) N.V. used each other’s IT, HR and Facility related services. This is due to the fact that Fortis, as a group, had a central organisation servicing its businesses (both within the bank and insurance businesses).

A Separation Agreement has been drawn up and is being finalised. Some 60% of all cross services will be discontinued by the end of 2009 and the separation will have been completed by the end of September 2010. The separation projects are being managed by a joint cross company steering group, and the projects are being executed under the daily management of joint project groups.

Separation from Fortis Corporate Insurance N.V.

On 20 May 2009, the Separation Agreement with Fortis Corporate Insurance ('FCI') was signed. Compared with the separation issues with Fortis Bank SA/NV, the scope of the separation from FCI is limited to nine projects. The separation is currently in progress. The recent sale of FCI to Amlin has been assessed as having a minimal impact on the separation. This separation is also planned to be completed by September 2010.

Integration

On 19 May 2009, Gerrit Zalm (Chairman of the Transition Team) announced the general outline of the plans for the integration of Fortis Bank Nederland (Holding) N.V. and ABN AMRO. This outline describes how the bank will be structured, what the future bank will stand for, and how these changes will affect the banks' employees.

Before the plans can be put into practice, the 'Remedy' imposed by the European Commission (EC) must have been completed, and all other relevant approvals and permissions must have been obtained. Compliance with the Remedy is a condition for obtaining approval for the integration of Fortis Bank Nederland (Holding) N.V. and ABN AMRO. Despite the extension of the deadline, all conditions attached to the Remedy remain in full force.

The name of the combined bank will be ABN AMRO and its head office will be located in Amsterdam. Private Banking Netherlands will be named ABN AMRO MeesPierson.

It is the future bank's ambition to be the most valued bank in servicing its customers in the Netherlands and to capture a leading position in a number of market segments internationally.

The new organisation will be composed of two businesses – Retail & Private Banking and Commercial & Merchant Banking, supported by various central functions such as Risk, HR and Finance.

Retail Banking will be a large player in the Dutch market, offering professional advice and world-class products to retail clients in all stages of their lives. It will seek to grow specifically in the wealthy client, or Mass Affluent, segment.

The combined Private Banking business, active in 14 countries, will be a large player in the Netherlands as well as in Europe. Asia offers clear opportunities for growth. The new organisational structure is composed of two divisions: Private Banking Netherlands and Private Banking International. This structure does justice to the bank's home market in the Netherlands, where the bulk of the integration between ABN AMRO and Fortis Bank Nederland (Holding) N.V. will take place.

Commercial & Merchant Banking will be an important player in the Netherlands for corporate clients and service delivery to small and medium-sized businesses. It wants to be the principal bank for companies with a singularly Dutch identity and for their businesses abroad. In addition, it aims to lead in a number of global, specialist markets such as Energy, Commodities & Transportation and Brokerage, Clearing & Custody.

The future bank wants to be a financial services provider that shows integrity and keeps its promises, is cost-conscious at all times and is willing to invest in its customers. In short: a bank with ambitions, without pretentions. Based on the first forecasts, the financial targets for the new bank as a whole are a cost/income ratio of 60-65% and total cost savings of between EUR 1.0 and 1.3 billion – including both synergies and efficiency improvements. Integration and efficiency measures will involve jobs cuts in the coming years, mainly at the retail business and support functions. At the same time, new jobs will be created. Between 2009 and 2012, the bank expects job reductions of 5,500-6,500 and job growth of around 1,500. That is a net reduction of between 4,000 and 5,000, which will be achieved in part by natural turnover.

Designated appointments at senior management level were announced by the Transition Team in May, and appointments at the next level of senior managers are expected in the second half of 2009. Details of the integration plans will be finalised in the second half of 2009 and clarity about organisational changes at business level is expected early in 2010. The exact timing of the integration will vary from business to business and will depend on developments relating to the EC Remedy and the required approval of the competition authority, the Dutch State, DNB and the relevant foreign regulators. The goal is to complete the greater part of the transition in the second half of 2011.

On 26 June 2009, in a letter to parliament the Minister of Finance presented the first views on the future legal structure of the new bank. The letter states all parties have a preference – subject to approval of the EC and DNB – to transfer both banks (being Fortis Bank Nederland (Holding) N.V. and ABN AMRO) to a newly set up public parent company with limited liability and to appoint the Transition Team as the Managing Board of that parent company.

Fortis Bank Nederland (Holding) N.V.
Consolidated Interim Financial Statements 2009

Consolidated balance sheet

	Note	30 June 2009	31 December 2008
Assets			
Cash and cash equivalents		9,213	9,859
Assets held for trading	*6*	14,549	13,948
Due from banks	*7*	22,331	24,272
Due from customers	*8*	142,363	124,692
Investments:			
- *Held to maturity*		*33*	*30*
- *Available for sale*		*2,505*	*3,542*
- *Held at fair value through profit or loss*		*133*	*151*
- *Investment property*		*93*	*90*
- *Associates and joint ventures*		*380*	*388*
Total investments	*9*	3,144	4,201
Other receivables		2,626	3,029
Property and equipment	*10*	372	414
Goodwill and other intangible assets	*11*	196	182
Accrued interest and other assets		4,441	3,369
Deferred tax assets		207	237
Total assets		**199,442**	**184,203**
Liabilities			
Liabilities related to assets held for trading	*6*	24,974	23,716
Due to banks	*12*	32,664	21,309
Due to customers	*13*	81,466	91,798
Debt certificates	*14*	42,045	28,251
Subordinated liabilities	*15*	6,078	6,561
Other borrowings	*16*	285	257
Provisions	*17*	98	97
Current tax liabilities		405	247
Deferred tax liabilities		45	74
Accrued interest and other liabilities		7,997	8,874
Total liabilities		**196,057**	**181,184**
Shareholders' equity		3,304	2,944
Minority interests		81	75
Total equity		**3,385**	**3,019**
Total liabilities and equity		**199,442**	**184,203**

Consolidated income statement

	Note	First half year 2009	First half year 2009 Exceptional items	First half year 2009 Excluding Exceptional items	First half year 2008	First half year 2008 Exceptional items	First half year 2008 Excluding Exceptional items
Income							
Interest income		4,791		4,791	9,762		9,762
Interest expense		(4,161)		(4,161)	(9,146)	(287)	(8,859)
Net interest income	18	**630**		**630**	**616**	**(287)**	**903**
Fee and commission income		499		499	566		566
Fee and commission expense		(147)		(147)	(148)		(148)
Net fee and commission income	19	**352**		**352**	**418**		**418**
Dividend and other investment income		8		8	15		15
Share in result of associates and joint ventures		6		6	203	198	5
Realised capital gains (losses) on investments	20	9		9	40		40
Other realised and unrealised gains and losses	21	61		61	228		228
Other income	22	383	363	20	99		99
Total operating income		**1,449**	**363**	**1,086**	**1,619**	**(89)**	**1,708**
Change in impairments	23	(179)	16	(195)	(33)		(33)
Net operating income		**1,270**	**379**	**891**	**1,586**	**(89)**	**1,675**
Expenses							
Staff expenses	24	(425)		(425)	(462)		(462)
Depreciation and amortisation of tangible and intangible assets	25	(31)		(31)	(31)		(31)
Other expenses	26	(378)		(378)	(435)		(435)
Total expenses		**(834)**		**(834)**	**(928)**		**(928)**
Profit before taxation		**436**	**379**	**57**	**658**	**(89)**	**747**
Income tax expense	27	(94)	(92)	(2)	(102)	70	(172)
Net profit for the period		**342**	**287**	**55**	**556**	**(19)**	**575**
Net profit attributable to minority interests		4		4	13		13
Net profit attributable to shareholders		**338**	**287**	**51**	**543**	**(19)**	**562**
Per share data (EUR)							
Basic earnings per share		201			365		

Consolidated statement of changes in equity

	Share capital	Share premium reserve	Other reserves	Currency translation reserve	Net profit attributable to shareholders	Unrealised gains and losses	Share ` holders' equity	Minority interests	Total equity
Balance at 1 January 2008	**643**	**16,867**	**2,906**	**(15)**	**1,296**	**66**	**21,763**	**655**	**22,418**
Net profit for the period					(18,486)		(18,486)	16	(18,470)
Revaluation of investments						3	3		3
Foreign exchange differences				(3)			(3)	(3)	(6)
Transfer	275	(275)	1,296		(1,296)				
Dividend			(395)				(395)	(5)	(400)
Increase of capital	97						97		97
Other changes in equity			(35)				(35)	(588)	(623)
Balance at 31 December 2008	**1,015**	**16,592**	**3,772**	**(18)**	**(18,486)**	**69**	**2,944**	**75**	**3,019**
Net profit for the period					338		338	4	342
Revaluation of investments						1	1		1
Foreign exchange differences				2			2		2
Transfer			(18,486)		18,486				
Dividend									
Increase of capital									
Other changes in equity			44			(25)	19	2	21
Balance at 30 June 2009	**1,015**	**16,592**	**(14,670)**	**(16)**	**338**	**45**	**3,304**	**81**	**3,385**

Consolidated statement of comprehensive income

The statement of comprehensive income reflects changes in shareholders equity during the course of the year, with the exception of changes arising from share issues and payments to shareholders. The changes for the first half of 2009 and for full-year 2008 are shown below.

		30 June 2009		*31 December 2008*
Net profit		338		(18,486)
Revaluation of investments	2		(13)	
Reversal of revaluations on sale of investments				
Related taxation	(1)		16	
Total relating to revaluation after taxation		1		3
Translation reserve	2		(3)	
Other changes	19		(35)	
Other comprehensive income		21		(38)
Total comprehensive income		**360**		**(18,521)**

Consolidated cash flow statement

	First half year 2009	*First half year 2008*
Profit before taxation	**436**	**658**
Adjustments on non-cash items included in profit before taxation:		
(Un)realised gains (losses)	(15)	(49)
Share of profits in associates and joint ventures	(6)	(198)
Depreciation, amortisation and accretion	(12)	15
Provisions and impairments	175	23
Changes in operating assets and liabilities:		
Assets and liabilities held for trading	689	4,170
Due from banks	1,854	(21,601)
Due from customers	(18,276)	(6,506)
Other receivables	464	259
Due to banks	11,339	13,378
Due to customers	(10,566)	498
Net changes in all other operational assets and liabilities	(329)	3,336
Income tax paid	(30)	(68)
Cash flow from operating activities	**(14,277)**	**(6,085)**
Investment activities within the group		
Purchases of investments	(11)	(2,956)
Proceeds from sales and redemptions of investments	31	129
Purchases of investment property		(8)
Proceeds from sales of investment property		2
Investments in associates and joint ventures	(7)	2
Proceeds from sales of associates and joint ventures	1	150
Purchases of property and equipment	(15)	(49)
Proceeds from sales of property and equipment	35	2
Acquisition of subsidiaries, associates and joint ventures, net of cash acquired		1
Divestments of subsidiaries, associates and joint ventures, net of cash sold	11	210
Purchases of intangible assets	(17)	(25)
Change in scope of consolidation		(171)
Cash flow from investing activities	**28**	**(2,713)**
Proceeds from the issuance of debt certificates	15,989	(947)
Payment of debt certificates	(2,067)	(620)
Proceeds from the issuance of subordinated liabilities		13
Payment of subordinated liabilities	(462)	(57)
Proceeds from the issuance of other borrowings		(862)
Payment of other borrowings	1	(118)
Dividends paid to shareholders of the parent company		(395)
Dividends paid to minority interests		(5)
Cash flow from financing activities	**13,461**	**(2,991)**
Effect of exchange rate differences on cash and cash equivalents	142	(244)
Net increase (decrease) of cash and cash equivalents	**(646)**	**(12,033)**
Cash and cash equivalents as at 1 January	**9,859**	**39,269**
Cash and cash equivalents as at 30 June	**9,213**	**27,236**
Supplementary disclosure of operating cash flow information		
Interest received	5,100	10,067
Dividend received from investments	5	13
Interest paid	(4,209)	(9,672)

General Notes

1 Summary of accounting policies and principles of consolidation

1.1 General

Fortis Bank Nederland (Holding) N.V., hereafter also referred to as the bank, has its registered office in Amsterdam and constitutes a bank within the meaning of article 1:1 of The Financial Supervision Act ('Wet op het Financieel Toezicht'). The Dutch State holds all ordinary shares of Fortis Bank Nederland (Holding) N.V.

The Fortis Bank Nederland (Holding) N.V. Interim Financial Statements for the first half of 2009, including the 2008 comparative figures, were prepared in accordance with IAS 34, Interim Financial Reporting, and include condensed financial statements (balance sheet, income statement, statement of changes in equity, comprehensive income, cash flow statement) and selected explanatory notes. The Fortis Bank Nederland (Holding) N.V. Interim Financial Statements should be read in conjunction with the audited Fortis Bank Nederland (Holding) N.V. Financial Statements 2008 (including the accounting policies) which are available at http://www.fortis.nl under Financial Disclosures.

Due to the severity of impact of the Madoff fraud and the result of RFS Holdings B.V. in 2008 Fortis Bank Nederland (Holding) N.V. provides additional disclosures in order to give a fair presentation of the impact on the financial position and financial performance in accordance with IAS 1.15 by separate presentation in the consolidated income statement and the notes to the income statement, including the impact on the comparable figures.

1.2 Changes in accounting policies

The accounting policies used to prepare the Interim Financial Statements for the first half 2009 are consistent with those applied in the Fortis Bank Nederland (Holding) N.V. Financial Statements for the year ended 31 December 2008. For Segment reporting IFRS 8 Operating Segments has been used rather than IAS 14 Segment reporting.

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. IAS 14 requires an entity to identify business and geographical segments, using a risk and reward approach. For Fortis Bank Nederland (Holding) N.V. this means no change to the reported segments.

The following amendments to standards are mandatory for the first time for the financial year starting 1 January 2009:

- On 29 March 2007, the IASB issued a revised IAS 23 *Borrowing Costs*. The main change from the previous version is the removal of the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. An entity is, therefore, required to capitalise borrowing costs as part of the cost of such assets. The revised Standard applies to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009. The revision has no impact on the FBN interim report, because we do not make use of this option.
- On 6 September 2007, the IASB issued a revised version of IAS 1, *Presentation of Financial Statements* applicable from the financial year 2009. The changes will only have an impact on the presentation, not on recognition or measurement.

The following amendments to standards and interpretations have been issued but are not effective for this Interim report:

- On 5 March 2009, the IASB issued amendments to IFRS 7 *Financial Instruments: Disclosures*. The amendments will improve the disclosures on Financial Instruments (e.g. the valuation hierarchy will be updated and more reconciliation information on valuation is needed). These amendments will apply from the annual period beginning on or after 1 January 2009, with earlier application permitted. The amendments will impact the annual disclosures for the year 2009.
- On 12 March 2009, the IASB amended IFRIC 9 *Reassessment of Embedded Derivatives* and IAS 39 *Financial Instruments: Recognition and Measurement* to clarify the accounting treatment of embedded derivatives for entities that make use of the Reclassification Amendment issued by the IASB in October 2008. The reclassification amendment allows entities to reclassify particular financial instruments out of the 'fair value through profit or loss' category in specific circumstances. These amendments to IFRIC 9 and IAS 39 clarify that on reclassification of a financial asset out of the 'fair value through profit or loss' category, all embedded derivatives in the reclassified instrument have to be assessed and, if necessary, separately accounted for in the financial statements. The amendments apply retrospectively and are effective for annual periods ending on or after 30 June 2009. Fortis Bank Nederland (Holding) N.V. has not used this reclassification option, so the amendments will not have any impact on the bank.
- On 18 June 2009, the IASB issued amendments to IFRS 2 *Share-based Payment* that clarify the accounting for group cash-settled share-based payment transactions. This amendment is only a clarification and will have no impact on reporting.

A more extensive description of the accounting policies is included in the Fortis Bank Nederland (Holding) N.V. Financial Statements 2008.

1.3 Accounting estimates

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

Judgements and estimates are principally made in the following areas:

- estimation of the recoverable amount of impaired assets;
- determination of fair values of non-quoted financial instruments;
- determination of the useful life and the residual value of property, plant and equipment, investment property and intangible assets;
- actuarial assumptions related to the measurement of pension obligations and assets;
- estimation of present obligations resulting from past events in the recognition of provisions.

1.4 Determination of accounting policies

In certain cases IFRS allows the application of different options. Fortis Bank Nederland (Holding) N.V. chose the following options:

- **Trade date accounting**: all purchases and sales of financial assets requiring delivery within the time frame established by regulation or market convention are recognised on the trade date, which is the date on which Fortis Bank Nederland (Holding) N.V. becomes a party to the contractual provisions of the financial assets.
- Investment property, real estate held for own use, fixed assets and intangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.
- **Investments in joint ventures** are accounted for using the equity method.
- Fortis Bank Nederland (Holding) N.V. uses three types of **hedges**: fair value hedges, cash flow hedges and net investment hedges. Fair value hedge accounting has been applied since from 1 January 2005 for portfolio hedges of interest rate risk ('macro hedging'). In this context, the difference between the fair value and the carrying value of the hedged item at designation of the hedging relationship is amortised over the remaining life of the hedged item. For macro hedges, Fortis Bank Nederland (Holding) N.V. uses the 'carved out' version of IAS 39 adopted by the European Union which removes some of the limitations on fair value hedges and the strict requirements on the effectiveness of those hedges. Under this version, the impact of the changes in the estimates of the repricing dates is only considered ineffective if it leads to under-hedging. Fair value hedges are also used to hedge risks on specific assets and/or liabilities (micro hedging). The aim of fair value hedge accounting is to eliminate undesirable fluctuations in the income statement as a result of accounting mismatches. Net investment hedges are used to hedge the effects that changes in exchange rates with functional currencies other than the euro have on the net assets of consolidated entities. Both derivative and non-derivative financial assets/liabilities may be used for hedging of interests in foreign entities.
- At the initial recognition or first-time adoption of IFRS, Fortis Bank Nederland (Holding) N.V. irrevocably designated some **financial assets and liabilities as held at fair value through profit or loss**, because:
  - the host contract includes an embedded derivative that would otherwise require separation, or
  - it eliminates or significantly reduces a measurement or recognition inconsistency (‘accounting mismatch’), or
  - it relates to a portfolio of financial assets and/or liabilities that are managed and evaluated on a fair value basis.
- **Borrowing costs** are generally recorded as incurred. Borrowing costs that are directly attributable to the acquisition or construction of an asset are capitalised while the asset is constructed as part of the cost of that asset.
- **Pensions**: under IFRS, Fortis Bank Nederland (Holding) N.V. uses the corridor approach, i.e. not recording actuarial differences within defined limits.

1.5 Segment reporting

The primary format for reporting segment information is based on business segments. Fortis Bank Nederland (Holding) N.V.'s core activities are Retail Banking, Private Banking and Merchant Banking. Fortis Bank Nederland (Holding) N.V. is organised on a worldwide basis into these three segments:

- Retail Banking
- Private Banking
- Merchant Banking

1.6 Scope of consolidation

The Interim Financial Statements include Fortis Bank Nederland (Holding) N.V. and its subsidiaries and branches. Fortis Bank Nederland (Holding) N.V. sponsors the formation of Special Purpose Entities ('SPEs') primarily for the purpose of asset securitisation transactions, structured debt issuance, or to accomplish another well-defined objective. Some of the SPEs are bankruptcy-remote companies whose assets are not available to settle the claims of Fortis Bank Nederland (Holding) N.V. SPEs are consolidated if, in substance, they are controlled by Fortis Bank Nederland (Holding) N.V.

Investments in joint ventures – contractual agreements where Fortis Bank Nederland (Holding) N.V. and other parties undertake an economic activity that is subject to joint control – are accounted for using the equity method.

Investments in associates – investments whereby Fortis Bank Nederland (Holding) N.V. has significant influence, but which it does not control – are accounted for using the equity method.

1.7 Presentation and disclosures

The Interim Financial Statements are stated in euro's, which is the functional currency of Fortis Bank Nederland (Holding) N.V.

Where IFRS allows a choice or is not descriptive in presentation or disclosures, Fortis Bank Nederland (Holding) N.V. has opted for the following:

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

2 Supervision and solvency

Fortis Bank Nederland (Holding) N.V. is subject to prudential supervision by the Dutch Central Bank ('De Nederlandsche Bank' (DNB)).

2.1 Supervision

Prudential supervision includes the verification on a quarterly basis that Fortis Bank Nederland (Holding) N.V. ensures the availability of own funds at least equal to the sum of the solvency requirements. The elements of own funds and the solvency requirements for the activities are calculated in accordance with the corresponding sectional rules. Fortis Bank Nederland (Holding) N.V. met all requirements in 2007 and 2008.

2.2 Solvency

On 1 January 2008, Fortis Bank Nederland (Holding) N.V. adopted the Basel II framework. This framework replaces Basel I and contains a set of more stringent rules for capital adequacy requirements for banks developed by the Basel Committee on Banking Supervision. On 7 March 2008, Fortis Bank Nederland (Holding) N.V. received approval from DNB to adopt the most advanced approaches – the Advanced Internal Ratings Based Approach (AIRBA) and the Advanced Measurement Approach (AMA) for operational risk. These approaches have been implemented throughout the entire banking business of Fortis Bank Nederland (Holding) N.V.

The trading positions and credit commitments are weighted according to the level of risk involved (risk-weighted assets). The minimum capital requirement set out by the regulator amounts to 8% of the risk-weighted commitments. The regulator limits reductions in minimum regulatory capital by way of a transitional floor on the risk-weighted assets figure calculated relative to what would have been required had Basel I remained in force. The transitional floor percentage is set at 100%. The capital adequacy ratios on 30 June 2009 are calculated on Basel I and Basel II compliant risk-weighted assets and capital.

	30 June 2009	*31 December 2008*
	Basel I	*Basel I*
Credit risk	68,301	70,658
Market risk	536	274
Risk-weighted commitments	68,837	70,932
Tier 1 capital	5,327	5,276
Total capital	8,033	7,973
Tier 1 ratio	7.7%	7.4%
Total capital ratio	11.7%	11.2%

	30 June 2009	*31 December 2008*
Total equity	**3,385**	**3,019**
(Non-)innovative hybrid capital instruments	2,077	2,435
Minority interests	(2)	(2)
Participating interests in financial institutions	(5)	(5)
Intangible assets	(166)	(162)
Other deductions	38	(9)
Tier 1 capital	**5,327**	**5,276**

2.3 Regulatory developments

The Dutch Bankers' Association ('Nederlandse Vereniging van Banken') set up a committee on the 'Future of Banks' (the Maas Committee). On 7 April 2009, this committee released a report including several recommendations aimed at restoring confidence in the financial sector. Individual banks and the Dutch Bankers' Association, supported by the Dutch Ministry of Finance, are currently working on a comprehensive code which will cover the various recommendations of the Maas Committee and which will require every bank to state in its annual report that it complies with the code, or to explain any deviations from the code. The code is envisaged to focus primarily on reinforcing the bank's governance, their risk management and culture and their role with regard to sustainability. A monitoring committee is intended to monitor compliance with the code, which is expected to be released in September/October 2009.

Fortis Bank Nederland (Holding) N.V. has already made a thorough analysis of its prevailing governance structure and the related policies and procedures with the aim of assessing the current level of compliance with the recommendations of the Maas Committee.

3 Risk Management

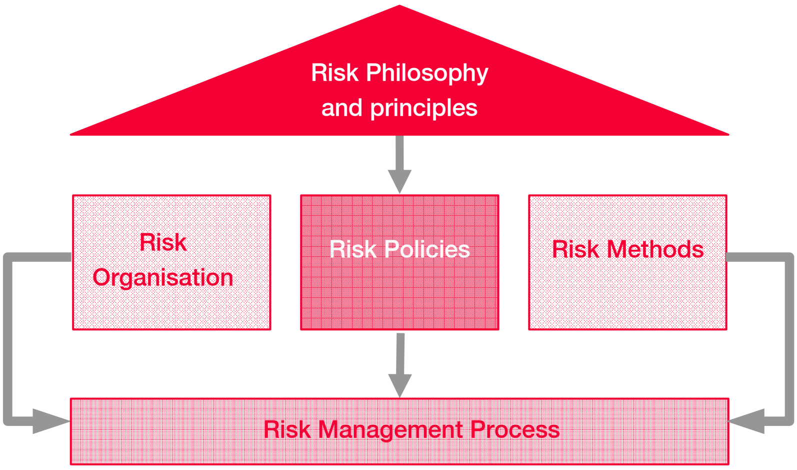
3.1 Introduction

Sound risk management is a key element of Fortis Bank Nederland (Holding) N.V.'s strategy, advocating sustainable and profitable growth. Risk management is therefore one of Fortis Bank Nederland (Holding) N.V.'s core competences.

In this respect, Fortis Bank Nederland (Holding) N.V. has a strong Risk Governance Framework in place designed to:

- ensure that Fortis Bank Nederland (Holding) N.V. consistently maintains high standards of risk management;
- raise executive management's awareness and understanding of the risks being taken;
- encourage optimisation of the risk/return ratio;
- measure economic capital.

Fortis Bank Nederland (Holding) N.V. executes its risk strategy and carries out controlled risk-taking activities within the confines of its Risk Governance Framework, illustrated in the following diagram:



Fortis Bank Nederland (Holding) N.V.'s Risk Governance Framework consists of the following components:

- *Risk philosophy and a set of specific risk principles.*
  These form the basis of Fortis Bank Nederland (Holding) N.V.'s main risk type policies that, in turn, set the limits and provide the guidelines and standards for it's underlying business specific risk policies.

- *Risk policies.*
  Risk policies are the basis of Fortis Bank Nederland (Holding) N.V.'s risk management processes.

- *Risk organisation and risk methods.*
  Risk organisation and risk methods support Fortis Bank Nederland (Holding) N.V.'s risk management processes.

Fortis Bank Nederland (Holding) N.V. continuously reviews and upgrades its Risk Governance Framework.

3.2 Philosophy, strategy and principles of sound risk management

3.2.1 Risk Management Philosophy

Risk taking and risk transformation are an integral part of Fortis Bank Nederland (Holding) N.V.'s value proposition to its stakeholders. Fortis Bank Nederland (Holding) N.V. only takes risks it understands well and it can adequately manage. If efficient and affordable, Fortis Bank Nederland (Holding) N.V. actively seeks exposure to these risks. Fortis Bank Nederland (Holding) N.V. reduces to tolerable levels any risks it does not actively seek but that are consequential to its business undertakings.

3.2.2 Risk Management Principles

A set of specific risk principles forms the basis of Fortis Bank Nederland (Holding) N.V.'s risk management. Fortis Bank Nederland (Holding) N.V.'s risk governance framework reflects these principles. Within this framework Fortis Bank Nederland (Holding) N.V. seeks to ensure the identification, assessment, control, monitoring, reporting and management of all significant risks.

3.2.3 Risk Strategy

Fortis Bank Nederland (Holding) N.V.'s risk strategy sets out how and to what extent it takes risks of various types in order to achieve its business objectives. In addition, Fortis Bank Nederland (Holding) N.V.'s risk strategy sets out to what extent undesired risks should be mitigated or avoided. Consequently, this risk strategy encompasses Fortis Bank Nederland (Holding) N.V.'s: attitude towards risks, its risk tolerance and its risk appetite.

Fortis Bank Nederland (Holding) N.V.'s risk strategy follows from its corporate strategy, which is in line with its strategic objectives and which results in Fortis Bank Nederland (Holding) N.V.'s planning and capital management processes. Fortis Bank Nederland (Holding) N.V.'s risk strategy is therefore aligned with these elements.

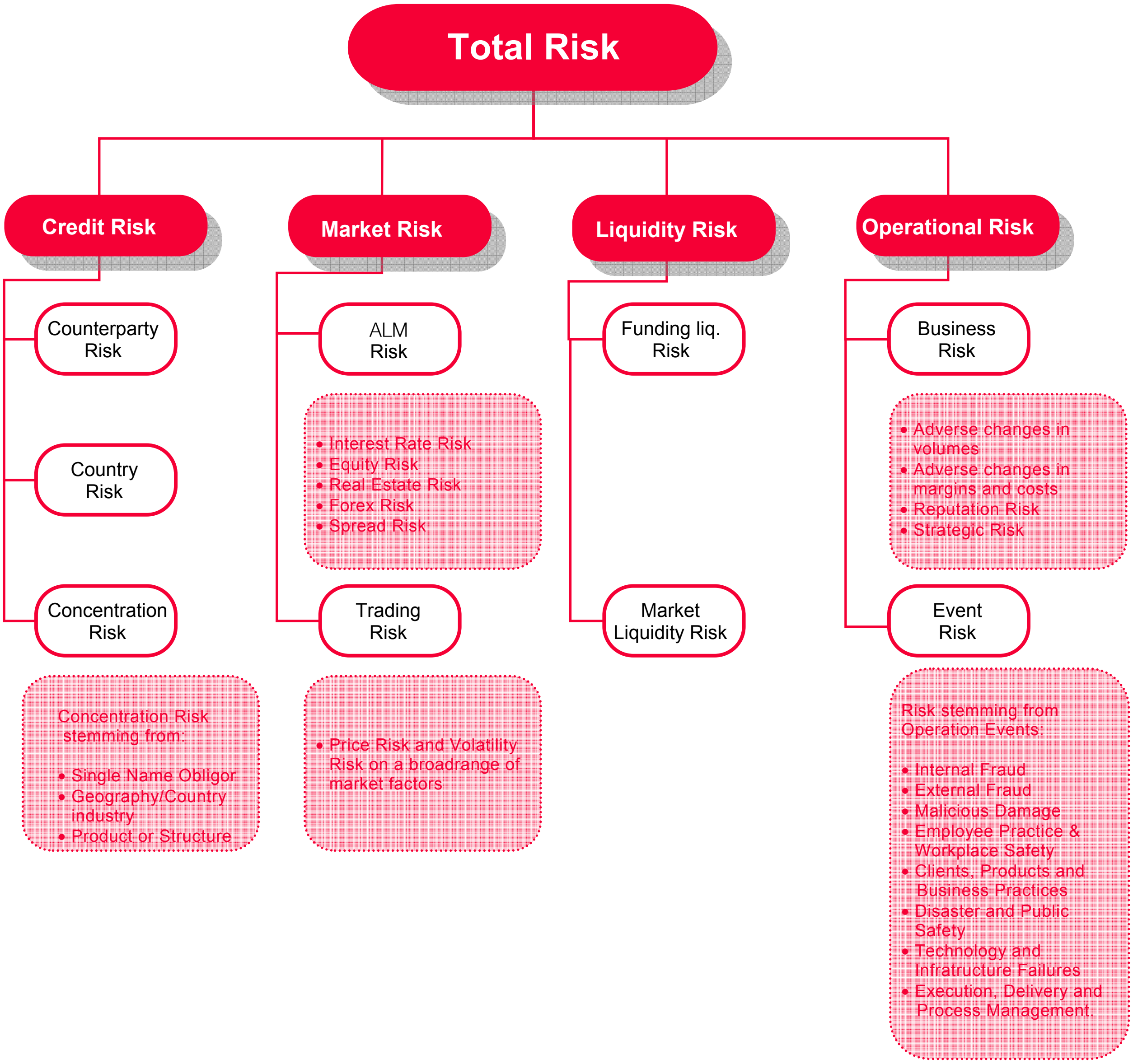
Fortis Bank Nederland (Holding) N.V. uses a standard risk taxonomy that reflects all material risks. The bank regularly reviews and updates its risk taxonomy to ensure that all material risks are identified, defined and included in its Risk Governance Framework. Risk can only be managed if an integrated overview of all risks is available (i.e. holistic risk management).

In its risk taxonomy, Fortis Bank Nederland (Holding) N.V. makes a distinction between core and non-core risks, based on its willingness to accept certain types of risks. Core risks, i.e. risks that Fortis Bank Nederland (Holding) N.V. actively seeks exposure to, either at position or portfolio level, are:

- credit risk;
- market risk, and
- liquidity risk.

Fortis Bank Nederland (Holding) N.V. has also identified several non-core risks. These are risks the bank as a rule does not actively seek, but that arise from undertaking business. These non-core risks include operational risk. Fortis Bank Nederland (Holding) N.V. reduces these risks to acceptable levels, taking into account the cost and benefit of tradeoffs in order to ensure its business practices comply with the highest standards of integrity, as specified in the bank's code of conduct.

The following chart summarises Fortis Bank Nederland (Holding) N.V.'s current risk taxonomy.



At the end of 2008, Fortis Bank Nederland (Holding) N.V. added Credit Concentration Risk.

3.3 Risk management organisation

In the first half of 2009, Fortis Bank Nederland (Holding) N.V. further enhanced its credit risk management function by setting up a dedicated department for countries, banks and financial institutions credit risk. This department manages concentration risks. Due to the separation from Fortis Bank SA/NV country, sector and client exposure rose to a level that did not match Fortis Bank Nederland (Holding) N.V.'s risk appetite as a stand-alone organisation. The inclusion of concentration risk in the risk taxonomy and the resulting amendments to the risk framework, which include limits on single name obligor and country exposure, has contributed significantly to the restoration of a well-diversified credit portfolio.

3.4 Credit Risk

3.4.1 Credit risk management

In the first half of 2009 credit risk increased across the portfolio. This is a continuation of the trend of the second half of 2008 and is witnessed by debtors' financial results, and covenant breaches. As a result, terms and conditions were adjusted where necessary. In many cases, Fortis Bank Nederland (Holding) N.V. sought compensation for increased risk and increased credit enhancement, often in the form of additional collateral. The latter measure was also a response to a perceived decrease in the value of existing collateral.

As a consequence of the above trends, loan loss reserves and impairments increased. However, these impairments do not necessarily translate into actual losses. On the other hand, the pace of deterioration of individual debtors, once transferred to the impaired category seems to be increasing relative to Q4 2008. This makes the application of remedial measures more challenging.

Fortis Bank Nederland (Holding) N.V. expects these trends to continue through 2009. This implies an increase in impairments in the second half of 2009 at least in line with the first half of 2009.

3.4.2 Securitisations

Securitisations are used as a technique to create eligible collateral on in-house originated mortgages. In the first half of 2009, new securitisations of in-house originated mortgages generated EUR 16 billion of collateral. As of 30 June 2009, EUR 53.1 billion of RMBS notes are available on Dutch mortgages. From these RMBS notes EUR 28.8 billion is retained and EUR 22.0 billion is placed externally. The externally placed RMBS notes provide for a risk transfer and long term funding. Retained positions are used as collateral under various activities including: derivatives activities, ECB Tenders and for daily payment capacity.

3.5 Market Risk

3.5.1 ALM risk

Interest rate risk fell sharply during the first half of 2009, as Fortis Bank Nederland (Holding) N.V. actively lowered this risk by reducing the open gaps. Fortis Bank Nederland (Holding) N.V. has brought interest rate risk in line with the size of the bank's balance sheet and its available capital. This effect can be seen from the decrease in absolute duration from EUR 717 million to approximately EUR 300 million by the end of first half of 2009. The Value at Risk of the banking book fell from EUR 363 million to EUR 180 million.

The policy on currency risk is unchanged: positions are very limited.

Fortis Bank Nederland (Holding) N.V. applies portfolio hedge accounting to its ALM positions. In 2009 the bank started to add micro hedging to its hedging strategies for specific transactions, particularly bond issues under the government guaranteed programme.

3.5.2 Trading risk

Fortis Bank Nederland (Holding) N.V.'s current trading activities are limited in terms of products, volumes, risk exposure and complexity. During the first half of 2009, Fortis Bank Nederland (Holding) N.V.'s trading activities comprised the following markets and products.

Market	Products
Equities	Client facilitation and arbitrage strategies
Interest Rates	Money Markets (deposits, FRAs, futures)
	Interest rate swaps, caps, floors, swaptions (caps, floors and swaptions on a back-to-back basis only)
	Fixed-income
Foreign Exchange	Spot, swaps, forwards, options
Carbon	Co_2 (spot, forwards)

The majority of trading activities originated from client demand (i.e. sales-driven trading).

Trading risk arises from positions that are sensitive to movements in financial market prices and rates. The bank's Risk Management department measures, monitors and reports all trading exposures daily. Trading limits are reviewed once a year or more frequently when necessary.
The aggregated Value at Risk (VaR) limit for the bank's trading activities, as approved by the Merchant Banking Risk Committee, amounts to EUR 5 million. This underlines the limited scale of trading at Fortis Bank Nederland (Holding) N.V. The average trading VaR for the first five months of this year is EUR 2.1 million (rounded) or 42% of the trading VaR limit. This also confirms the current modest level of trading.

3.6 Liquidity Risk

In the first half of 2009, new and updated funding programmes were launched for issues of medium-term notes and commercial paper while allowing for participation in the EUR 200 billion government guaranteed bond programme set up by the Dutch State. With these funding programmes the bank improved its market access to longer term funding. Market access to wholesale funding has been also been successfully re-established, and the volume of retail deposits now exceeds the level of January 2008.

On 2 July 2009 the bank announced repayment of EUR 34 billion to the Dutch State ahead of schedule. The Ministry of Finance granted the facility in October 2008 as part of the acquisition to redeem the (internal) funding lines with Fortis Bank SA/NV. The facility has been partly replaced by increases in savings and deposits and issues of short-term and long-term debt certificates, of which EUR 15.5 billion is guaranteed by the government.

The bank's liquidity outlook for the next 12 months is encouraging.

3.7 Operational Risk

In the first half of 2009. operational losses did not increase as a result of the separation from Fortis Group.

Also, the bank's Operational Risk Management fine-tuned and re-scoped its operational risk framework, while lowering the dependence on Fortis Group. This included re-scoping of policies and restoring governance covering information security and business continuity. A stress scenario is currently being developed which addresses (increased) operational event risks during the separation from Fortis Group and the pending integration with ABN AMRO.

4 Acquisitions and divestments

No major acquisitions were made in 2008 and the first half of 2009. The 33.8% stake that Fortis Bank Nederland (Holding) N.V. held in RFS Holdings B.V. was sold to the Dutch State on 24 December 2008. The table below shows the acquisitions and divestments made in 2008 and in the first half of 2009.

	First half year 2009		2008	
	Acquisitions	*Divestments*	*Acquisitions*	*Divestments*
Assets and liabilities of acquisitions and divestments				
Cash and cash equivalents			4	(198)
Due from banks				(2,234)
Due from customers			12	(476)
Investments	7	(11)	1	(18,333)
Other receivables				(1)
Property and equipment				
Goodwill and other intangible assets				(26)
Accrued interest and other assets			2	(54)
Due to banks			19	(512)
Due to customers				(2,393)
Current and deferred tax liabilities				(1)
Accrued interest and other liabilities			4	(50)
Minority interests		2		
Net assets acquired / Net assets divested	**7**	**(13)**	**(4)**	**(18,366)**
Negative goodwill				
Gain on divestments, gross		(1)		(16,845)
Cash used for acquisitions / received from divestments:				
Total purchase consideration / Proceeds from sale	(7)	12	4	1,521
Less: Cash and cash equivalents acquired / divested			4	(198)
Less: Non-cash consideration				
Cash used for acquisitions / received for divestments	**(7)**	**12**	**8**	**1,323**

Details on acquisitions and divestments made after the balance sheet date are included in the note ‘Post-balance sheet date events’.

5 Related Parties

Parties related to Fortis Bank Nederland (Holding) N.V. include the Dutch State as shareholder (as from 3 October 2008), associates, pension funds, joint ventures, the Management Board, the Supervisory Board, close family members of any person referred to above, entities controlled or significantly influenced by any person referred to above and any other related entities. As Fortis Bank Nederland (Holding) N.V. was part of Fortis Group for the first half of 2008, related parties include Fortis Group for the first six months of 2008, but not for the same period in 2009.

As part of its business operations Fortis Bank Nederland (Holding) N.V. frequently enters into transactions with related parties. Such transactions mainly relate to loans and deposits and are concluded under the same commercial and market terms that apply to non-related parties.

In 2008, the Dutch State granted both short-term and long-term funding. As announced on 2 July 2009, the short-term funding was repaid to the Dutch State in the first half of 2009.
The long term funding comprises loans to the total amount of EUR 9,175 million. The interest rates on these loans vary from 3.51% to 6.53% and maturity dates range from 2010 to 2027. This long-term funding is included on the balance sheet in the lines Due to customers (EUR 5,925 million) and Subordinated liabilities (EUR 3,250 million).

The transactions entered into with associates, joint ventures and other related parties in 2008 and the first half of 2009 are summarised below.

	First half year 2009	First half year 2008
Income and expenses - Related parties		
- Interest income	33	3,102
- Interest expense	(600)	(4,123)
- Fee and commission income		40
- Realised gains		739
- Other income	3	74
- Fee and commission expense		(1)
- Operating, administrative and other expenses	(19)	(65)

	30 June 2009			31 December 2008		
	Associates and joint ventures	Other	Total	Associates and joint ventures	Other	Total
Balance sheet - Related parties						
- Investments in associates				319		319
- Cash and cash equivalents						
- Assets held for trading						
- Due from customers		15,500	15,500	269		269
- Due from banks						
- Other assets	8	53	61	6		6
- Liabilities held for trading						
- Due to customers		21,425	21,425		40,375	40,375
- Due to banks				1,457		1,457
- Debt certificates, subordinated liabilities and other borrowings		3,250	3,250		3,250	3,250
- Other liabilities		7	7		41	41

On 2 July 2009 Fortis Bank Nederland (Holding) N.V. announced that it had repaid the short-term loan facility of EUR 34 billion to the Dutch State. The repayment of this loan facility was partly financed by increases in client savings and deposits, increases in whole sale funding and issues of short-term and long-term debt certificates under new funding programmes (which are partly government guaranteed). Repayment was effectuated by partial redemptions (EUR 18.5 billion) and the placement of deposits with the Dutch State (EUR 15.5 billion).

Explanatory notes to the balance sheet

6 Assets and liabilities held for trading

Assets held for trading

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

	30 June 2009	31 December 2008
Corporate debt securities	730	477
Equity securities	9,217	6,735
Total trading securities	**9,947**	**7,212**
Derivatives held for trading		
Over the counter (OTC)	4,465	6,687
Exchange traded	133	49
Total trading derivatives	**4,598**	**6,736**
Other assets held for trading	4	
Total assets held for trading	**14,549**	**13,948**

Liabilities held for trading

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

	30 June 2009	31 December 2008
Short security sales	20,741	17,286
Derivative financial instruments:		
Over the counter (OTC)	4,081	6,385
Exchange traded	145	44
Total derivatives held for trading	**4,226**	**6,429**
Other liabilities held for trading	7	1
Total liabilities held for trading	**24,974**	**23,716**

7 Due from banks

Due from banks consists of the following:

	30 June 2009	31 December 2008
Interest-bearing deposits	675	450
Loans and advances	5,099	5,354
Securities borrowing transactions	15,727	17,197
Mandatory reserve deposits with central banks	523	549
Other	367	752
Total	**22,391**	**24,302**
Less: impairments	(60)	(30)
Due from banks	**22,331**	**24,272**

Changes in impairments on Due from banks are as follows:

	2009	2008
Balance as at 1 January	**30**	**1**
Increase in impairments	35	34
Release of impairments	(3)	(4)
Foreign exchange differences and other adjustments	(2)	(1)
Balance as at 30 June / 31 December	**60**	**30**

8 Due from customers

The composition of Due from customers is as follows:

	30 June 2009	31 December 2008
Government and official institutions	17,893	1,975
Residential mortgage	66,418	66,680
Consumer loans	3,811	3,152
Commercial loans	41,051	42,565
Reverse repurchase agreements	2,137	
Securities borrowing transactions	9,342	8,307
Financial lease receivables	227	230
Factoring	1,437	1,823
Other loans		1
Fair value adjustment from hedge accounting	1,608	1,404
Total	**143,924**	**126,137**
Less: impairments[1]	(1,561)	(1,445)
Due from customers	**142,363**	**124,692**

1) *The impairments include an amount for the Madoff fraud*

The increase in Government and official institutions is attributable to an EUR 15,500 million deposit of the Dutch State as part of the repayment of the short term debt facility of EUR 34 billion.

The impairments on credit commitments to customers are as follows:

	2009	2008
Balance as at 1 January	**1,445**	**395**
Increase in impairments[2]	216	1,445
Release of impairments	(71)	(243)
Write-offs of uncollectible loans	(33)	(132)
Foreign exchange differences and other adjustments	4	(20)
Balance as at 30 June / 31 December	**1,561**	**1,445**

2) *In 2008, the impairments include an amound for the Madoff fraud*

9 Investments

The composition of Investments is as follows:

	30 June 2009	31 December 2008
Investments:		
- Held to maturity	33	30
- Available for sale	2,514	3,552
- Held at fair value through profit or loss	133	151
- Investment property	93	90
- Associates and joint ventures	401	410
Total, gross	**3,174**	**4,233**
Impairments:		
- on investments available for sale	(9)	(10)
- on investments in associates and joint ventures	(21)	(22)
Total impairments	**(30)**	**(32)**
Total	**3,144**	**4,201**

9.1 Investments held to maturity

The amortised cost and estimated fair value of Fortis Bank Nederland (Holding) N.V.'s investments held to maturity is:

	30 June 2009		31 December 2008	
	Carrying amount	*Fair values*	*Carrying amount*	*Fair values*
Government bonds	33	33	30	30
Total investments held to maturity	**33**	**33**	**30**	**30**

There were no impairments on investments held to maturity in 2008 and the first half of 2009.

9.2 Investments available for sale

The fair value and amortised cost of Fortis Bank Nederland (Holding) N.V.'s available for sale investments including gross unrealised gains and losses were as follows:

	Historical/ amortised cost	*Gross unrealised gains*	*Gross unrealised losses*	*Impairments*	*Fair value*
30 June 2009					
Treasury bills and other eligible bills					
Government bonds					
Corporate debt securities	2,367	7			2,374
Structured credit instruments					
Private equities and venture capital	35	8		(2)	41
Equity securities	17	2			19
Other investments	40	38		(7)	71
Total	**2,459**	**55**		**(9)**	**2,505**

	Historical/ amortised cost	*Gross unrealised gains*	*Gross unrealised losses*	*Impairments*	*Fair value*
31 December 2008					
Treasury bills and other eligible bills					
Government bonds					
Corporate debt securities	3,419	5	(1)		3,423
Structured credit instruments	10				10
Private equities and venture capital	34	11	(1)	(3)	41
Equity securities					
Other investments	41	34		(7)	68
Total	**3,504**	**50**	**(2)**	**(10)**	**3,542**

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

	30 June 2009	31 December 2008
Available for sale investments in equity securities and other investments:		
Carrying amount	131	109
Gross unrealised gains and losses	48	44
- Related tax	(8)	(7)
Net unrealised gains and losses	**40**	**37**
Available for sale investments in debt securities:		
Carrying amount	2,374	3,433
Gross unrealised gains and losses	7	4
- Related tax	(2)	(1)
Net unrealised gains and losses	**5**	**3**

9.3 Investments held at fair value through profit or loss

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

	30 June 2009	31 December 2008
Private equities and venture capital	107	125
Equity securities	26	26
Total investments held at fair value through profit or loss	**133**	**151**

9.4 Investment property

The fair value of Investment property held as investment is set out below.

	30 June 2009	31 December 2008
Fair value of investment property	95	93
Carrying amount of investment property	93	90
Gross unrealised gain/loss	**2**	**3**
Taxation	(1)	(1)
Net unrealised gain/loss (not recognised in equity)	**1**	**2**

9.5 Investments in associates and joint ventures

The following table provides an overview of the most significant Investments in associates and joint ventures as at 30 June.

	30 June 2009	31 December 2008
	Carrying amount	*Carrying amount*
Joint ventures:		
- SR Hypotheken	49	48
Associates:		
- Debra International Finance Cooperatiëve UA	210	210
- NIB Capital Foreign Debt fund V		1
- Partship Holding B.V.		15
- Trifleet Leasing	2	
- BassDrill	5	
- Caipora International Finance Cooperatiëve UA	107	107
- European Merchant Services	3	2
- Garant 42 N.V.	2	2
- Other	2	3
Total	**380**	**388**

10 Property and equipment

The table below shows the carrying amount for each category of Property and equipment.

	30 June 2009	31 December 2008
Land and buildings held for own use	121	119
Leasehold improvements	113	146
Equipment	138	149
Total	**372**	**414**

Changes in Property and equipment are shown below.

				2009
	Land and Buildings held for own use	Leasehold improve-ments	Equipment	Total
Acquisition cost as at 1 January	**160**	**236**	**374**	**770**
Acquisitions/divestments of subsidiaries				
Additions		1	14	15
Reversal of cost due to disposals		(48)	(16)	(64)
Transfer from (to) investment property				
Foreign exchange differences	3		2	5
Other	1	1	(2)	
Acquisition cost as at 30 June	**164**	**190**	**372**	**726**
Accumulated depreciation as at 1 January	**(39)**	**(89)**	**(225)**	**(353)**
Acquisitions/divestments of subsidiaries				
Depreciation expense	(2)	(7)	(17)	(26)
Reversal of depreciation due to disposals		21	9	30
Foreign exchange differences			(1)	(1)
Other		(2)		(2)
Accumulated depreciation as at 30 June	**(41)**	**(77)**	**(234)**	**(352)**
Impairments as at 1 January	**(2)**	**(1)**		**(3)**
Divestments of subsidiaries				
Increase of impairments charged to the income statement				
Reversal of impairments credited to the income statement				
Reversal of impairments due to disposals				
Other		1		1
Impairments as at 30 June	**(2)**			**(2)**
Property, plant and equipment as at 30 June	**121**	**113**	**138**	**372**

				2008
	Land and Buildings held for own use	*Leasehold improve-ments*	*Equipment*	*Total*
Acquisition cost as at 1 January	**168**	**267**	**369**	**804**
Acquisitions/divestments of subsidiaries				
Additions		24	89	113
Reversal of cost due to disposals	(1)	(53)	(79)	(133)
Foreign exchange differences	(9)			(9)
Other	2	(2)	(5)	(5)
Acquisition cost as at 31 December	**160**	**236**	**374**	**770**
Accumulated depreciation as at 1 January	**(35)**	**(121)**	**(276)**	**(432)**
Acquisitions/divestments of subsidiaries				
Depreciation expense	(3)	(17)	(32)	(52)
Reversal of depreciation due to disposals		49	75	124
Foreign exchange differences	1		2	3
Other	(2)		6	4
Accumulated depreciation as at 31 December	**(39)**	**(89)**	**(225)**	**(353)**
Impairments as at 1 January	**(4)**			**(4)**
Divestments of subsidiaries				
Increase of impairments charged to the income statement		(3)		(3)
Reversal of impairments credited to the income statement	2		(1)	1
Reversal of impairments due to disposals		2	1	3
Other				
Impairments as at 31 December	**(2)**	**(1)**		**(3)**
Property, plant and equipment as at 31 December	**119**	**146**	**149**	**414**

Fair value of Land and buildings held for own use

The fair value of land and buildings is set out below.

	30 June 2009	*31 December 2008*
Total fair value of Land and buildings held for own use	192	227
Total carrying amount	121	129
Gross unrealised gain/loss	**71**	**98**
Taxation	(18)	(25)
Net unrealised gain/loss (not recognised in equity)	**53**	**73**

11 Goodwill and other intangible assets

Goodwill and other intangible assets are shown below.

	30 June 2009	31 December 2008
Goodwill	163	162
Purchased software	25	14
Internally developed software	5	6
Other intangible assets	3	
Total	**196**	**182**

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

Other intangible assets include intangible assets with definite useful lives, such as concessions, patents, licences, trademarks and other similar rights. In general, software is amortised over a maximum of five years and other intangible assets have an expected useful life of 10 years at most.

Internally developed software concerns mainly large-scale administrative and organisational investment projects that introduce or replace an important business platform or model. These internal projects are in their development phase and are capitalised according to IAS 38 Intangible assets.

With the exception of goodwill, Fortis Bank Nederland (Holding) N.V. does not have intangible assets with indefinite useful lives.

Change in Goodwill and other intangible assets are shown below.

	2009				
	Goodwill	Purchased software	Internally developed software	Other intangible assets	Total
Acquisition cost as at 1 January	**168**	**62**	**12**		**242**
Acquisitions/divestments of subsidiaries					
Additions		16	1		17
Adjustments arising from subsequent changes in value of assets and liabilities					
Reversal of cost due to disposals		(3)	(7)		(10)
Foreign exchange differences					
Other	1		(1)	3	3
Acquisition cost as at 30 June	**169**	**75**	**5**	**3**	**252**
Accumulated amortisation as at 1 January		**(46)**			**(46)**
Acquisitions/divestments of subsidiaries					
Amortisation expense		(4)			(4)
Reversal of amortisation due to disposals					
Foreign exchange differences					
Other					
Accumulated amortisation as at 30 June		**(50)**			**(50)**
Impairments as at 1 January	**(6)**	**(2)**	**(6)**		**(14)**
Divestments of subsidiaries					
Increase in impairments charged to the income statement			(2)		(2)
Reversal of impairments credited to the income statement					
Other		2	8		10
Impairments as at 30 June	**(6)**				**(6)**
Goodwill and other intangible assets as at 30 June	**163**	**25**	**5**	**3**	**196**

	Goodwill	Purchased software	Internally developed software	Other intangible assets	Total
					2008
Acquisition cost as at 1 January	**193**	**50**	**21**		**264**
Acquisitions/divestments of subsidiaries	(26)				(26)
Additions		14	15		29
Adjustments arising from subsequent changes in value of assets and liabilities					
Reversal of cost due to disposals		(9)	(24)		(33)
Foreign exchange differences	1				1
Other		7			7
Acquisition cost as at 31 December	**168**	**62**	**12**		**242**
Accumulated amortisation as at 1 January		**(40)**			**(40)**
Acquisitions/divestments of subsidiaries					
Amortisation expense		(7)	(4)		(11)
Reversal of amortisation due to disposals		7	4		11
Foreign exchange differences					
Other		(6)			(6)
Accumulated amortisation as at 31 December		**(46)**			**(46)**
Impairments as at 1 January					
Divestments of subsidiaries					
Increase in impairments charged to the income statement	(6)	(3)	(26)		(35)
Reversal of impairments credited to the income statement					
Other		1	20		21
Impairments as at 31 December	**(6)**	**(2)**	**(6)**		**(14)**
Goodwill and other intangible assets as at 31 December	**162**	**14**	**6**		**182**

Impairment on goodwill

Impairment testing on goodwill is performed annually at the end of the year (or more frequently if events or changes in circumstances indicate that such carrying value may not be recoverable) by comparing the recoverable amount of cash-generating units (CGU) to their carrying amount. The recoverable amount is determined by the highest of the value in use or fair value less costs to sell. The type of acquired entity determines the definition of the type of CGU. Currently all CGUs have been defined at (legal) entity level.

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

Based on the 2008 goodwill impairment test an impairment of EUR 6 million on goodwill was booked. There were no impairments on goodwill in the first half of 2009.

The breakdown of goodwill and impairments for the main cash-generating units as at 30 June 2009 is as follows:

	Net goodwill	*Segment*	*Method used for recoverable amount*
Cash-generating unit (CGU)			
Fortis Bank CI Ltd	83	Private Banking	Value in use
Fortis Intertrust	15	Merchant Banking	Value in use
Fortis Commercial Finance	23	Merchant Banking	Value in use
Fortis Factoring	8	Merchant Banking	Value in use
Atradius Factoring	22	Merchant Banking	Value in use
MeesPierson Private & Trust Holding	5	Merchant Banking	Value in use
Fortis Intertrust Management Service	7	Merchant Banking	Value in use
Total	**163**		

12 Due to banks

The table below shows the components of Due to banks.

	30 June 2009	31 December 2008
Deposits from banks:		
Demand deposits	1,924	1,134
Time deposits	3,346	3,880
Other deposits	16,766	3,783
Total deposits	**22,036**	**8,797**
Repurchase agreements	1,891	
Securities lending transactions	7,403	12,367
Other	1,334	145
Total due to banks	**32,664**	**21,309**

The increase in ‘Other deposits’ reflects the repayment of the short-term funding by the Dutch State of EUR 34 billion which has been partly replaced by other external funding.

13 Due to customers

The components of Due to customers are as follows:

	30 June 2009	31 December 2008
Demand deposits	31,664	28,339
Saving deposits	7,041	5,821
Time deposits	41,008	55,307
Total deposits	**79,713**	**89,467**
Securities lending transactions	1,713	2,280
Other borrowings	40	51
Total due to customers	**81,466**	**91,798**

The decrease in ‘Time deposits’ is mainly attributable to the repayment of the short-term funding by the Dutch State.

14 Debt certificates

The following table shows the types of Debt certificates issued by Fortis Bank Nederland (Holding) N.V. and the amounts outstanding.

	30 June 2009	31 December 2008
Savings certificates	100	102
Commercial paper	34,040	27,761
Other	7,905	388
Total at amortised cost	**42,045**	**28,251**
Held at fair value through profit or loss		
Total debt certificates	**42,045**	**28,251**

In connection with the repayment of the short-term funding to the Dutch State Fortis Bank Nederland (Holding) N.V. issued short-term and long-term debt certificates under the new funding programmes, some of which are government guaranteed.

15 Subordinated liabilities

The following table provides a specification of the subordinated liabilities.

	30 June 2009	31 December 2008
Liability component of subordinated convertible securities	2,052	2,070
Other hybrid and Tier 1 liabilities		450
Other subordinated liabilities	4,026	4,041
Total subordinated liabilities	**6,078**	**6,561**

16 Other borrowings

Other borrowings can be broken down as follows:

	30 June 2009	*31 December 2008*
Other borrowings <= 1 year	113	95
Other borrowings > 1 year	172	162
Total other borrowings	**285**	**257**

17 Provisions

The table below shows the breakdown of Provisions.

	30 June 2009	31 December 2008
Credit commitments	12	15
Restructuring	25	4
Other	61	78
Total provisions	**98**	**97**

Provisions for credit commitments are allowances covering credit risk on Fortis Bank Nederland (Holding) N.V.'s credit commitments recorded off-balance that have been identified individually or on a portfolio basis as impaired. The amount of the impairment is the present value of the cash flows, which Fortis Bank Nederland (Holding) N.V. expects to be required to settle its commitment.

Restructuring provisions cover the costs of restructuring plans for which implementation has been formally announced by the Management Board of the bank. Restructuring provisions are related to the integration of recently acquired entities and to the further streamlining of the global Fortis Bank Nederland (Holding) N.V. organisation and infrastructure. Restructuring provisions include allowances for staff and other operating expenses.

Other provisions consist mainly of provisions for tax litigation and legal litigation.

The tax and legal litigation provisions are based on best estimates available at the year end based on the opinion of legal and tax advisers. The timing of the outflow of cash related to these provisions is by definition uncertain given the unpredictability of the outcome and the time involved in concluding litigations.

Changes in Provisions during the year are as follows:

	Credit commitments	Restruc-turing	Other	Total
At 1 January 2008	**6**	**5**	**68**	**79**
Acquisition and divestment of subsidiaries				
Increase of provisions	17	4	45	66
Reversal of unused provisions	(8)		(3)	(11)
Utilised during the year			(31)	(31)
Accretion of interest				
Foreign exchange differences				
Other		(5)	(1)	(6)
At 31 December 2008	**15**	**4**	**78**	**97**
Acquisition and divestment of subsidiaries				
Increase of provisions	4	1	2	7
Reversal of unused provisions	(7)		(1)	(8)
Utilised during the year			(6)	(6)
Accretion of interest				
Foreign exchange differences				
Other		20	(12)	8
At 30 June 2009	**12**	**25**	**61**	**98**

Explanatory notes to the income statement

18 Net interest income

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

	First half year 2009	*First half year 2008*
Interest income on cash equivalents	123	369
Interest income on due from banks	505	3,413
Interest income on investments	46	53
Interest income on due from customers	2,880	3,228
Interest income on derivatives held for trading	679	1,896
Other interest income	558	803
Total interest income	**4,791**	**9,762**
Interest expenses due to banks	980	2,855
Interest expenses due to customers	612	1,595
Interest expenses on debt certificates	438	826
Interest expenses on subordinated liabilities	147	329
Interest expenses on other borrowings	8	26
Interest expenses on liabilities held for trading and derivatives	784	2,118
Interest expenses on other liabilities	1,192	1,397
Total interest expenses	**4,161**	**9,146**
Net interest income	**630**	**616**

In the first half of 2008, interest income included EUR 287 million of financing costs of RFS Holdings B.V. When adjusted for these financing costs, net interest income fell by 30% in the first half of 2009 compared with the same period in 2008. The sharp decrease in net interest income was caused mainly by higher interest costs of the short-term funding, savings and issued debt.

Interest income and expenses fell, due mainly to a decline in absolute interest rates, lower inter-banking market volumes and decreased Securities Lending activities.

19 Fee and commission

Fee and commission income is specified below.

	First half year 2009	First half year 2008
Securities and custodian services	203	202
Reinsurance commissions and insurance and investment fees	8	9
Asset management	116	152
Payment services	123	132
Guarantees and commitment fees	39	34
Other service fees	10	37
Total fee and commission income	**499**	**566**

Fee and commission expenses are as follows:

	First half year 2009	First half year 2008
Securities	83	78
Intermediaries	9	10
Asset management fees	3	3
Payment services	28	27
Custodian fees	15	4
Other fee and commission expenses	9	26
Total fee and commission expenses	**147**	**148**

20 Realised capital gains and losses on investments

Realised capital gains and losses on investments are presented below.

	First half year 2009	*First half year 2008*
Debt securities		
Equity securities	2	37
Real estate		3
Subsidiaries, associates and joint ventures	9	
Other	(2)	
Realised capital gains and losses on investments	**9**	**40**

21 Other realised and unrealised gains and losses

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

	First half year 2009	*First half year 2008*
Assets/liabilities held for trading	103	175
Assets and liabilities held at fair value through profit or loss	(20)	9
Hedging results	(22)	53
Other		(9)
Other realised and unrealised gains and losses	**61**	**228**

The operating profit was negatively impacted due to hedge accounting. Hedge accounting is used to eliminate valuation differences between economically hedged positions and IFRS accounting rules. However, hedge accounting can still lead to temporary fair value changes in the accounting results, due to timing differences or partial ineffectiveness of the hedges for IFRS purposes. Over time the impact will by definition balance out.

22 Other income

Other income includes the following elements:

	First half year 2009	*First half year 2008*
Operating lease income	4	2
Other	379	97
Total other income	**383**	**99**

Other income for the first half of 2009 includes a sum of EUR 363 million paid by Fortis Holdings to Fortis Capital Company ltd. (‘FCC’). As described in the sections Report of the Management Board and Capital, this relates to the cash settlement of 362,511 class A1 shares.

23 Changes in impairments

Changes in impairments are as follows:

	First half year 2009	*First half year 2008*
Change in impairments on:		
Cash and cash equivalents	1	2
Due from banks	32	4
Due from customers	145	18
Credit commitments - customers	(3)	8
Investments in associates and joint ventures	(1)	
Other receivables	3	
Goodwill and other intangible assets	2	
Accrued interest and other assets		1
Total change in impairments	**179**	**33**

Changes in impairments for the first half of 2009 includes an amount of EUR 16 million related to the recovery of the Madoff fraud losses, as described in the Report of the Management Board.

24 Staff expenses

Staff expenses for the first half of 2009 and first half of 2008 are as follows:

	First half year 2009	*First half year 2008*
Salaries and wages	322	361
Social security charges	34	37
Pension expenses relating to defined benefit plans	13	13
Defined contribution plan expenses	9	6
Other	47	45
Total staff expenses	**425**	**462**

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

25 Depreciation and amortisation

The depreciation and amortisation of tangible and intangible assets is as follows:

	First half year 2009	*First half year 2008*
Buildings held for own use	2	2
Leasehold improvements	7	8
Investment property	1	
Equipment	17	16
Amortisation on intangible assets		
Purchased software	4	4
Internally developed software		1
Depreciation and amortisation of tangible and intangible assets	**31**	**31**

26 Other expenses

Other expenses are as follows:

	First half year 2009	*First half year 2008*
Operating lease rental expenses and related expenses	37	48
Professional fees	38	38
Marketing and public relations costs	25	23
Information technology costs	82	77
Maintenance and repair expenses	8	12
External staff costs	38	37
Traveling	8	12
Documentation & office supplies	16	14
Insurance	12	7
Post, telephone and transport	18	26
Other	96	141
Total other expenses	**378**	**435**

27 Income tax expenses

The components of income tax expenses are:

	First half year 2009	*First half year 2008*
Current tax expenses for the current period	93	95
Adjustments recognised in the period for current tax of prior periods		17
Previously unrecognised tax losses, tax credits and temporary differences increasing (reducing) current tax expenses		(4)
Total current tax expenses	**93**	**108**
Deferred tax arising from the current period	(4)	(30)
Impact of changes in tax rates on deferred taxes		
Deferred tax arising from the write-down or reversal of a write-down of a deferred tax asset	5	25
Previously unrecognised tax losses, tax credits and temporary differences reducing deferred tax expense		(1)
Total deferred tax expenses	**1**	**(6)**
Total income tax expenses	**94**	**102**

For the first half of 2009 total income tax expenses include an amount of EUR 92 million related to exceptional income of EUR 363 million as mentioned under ‘other income’. For the first half of 2008 total income tax expenses include an amount of EUR 70 million relating to the financing costs of RFS Holdings B.V.

Explanatory note on segment reporting

28 Information on segments

28.1 General information

The primary format for reporting segment information is based on business segments. Fortis Bank Nederland (Holding) N.V.'s core activities are Retail Banking, Private Banking and Merchant Banking. Hence, Fortis Bank Nederland (Holding) N.V. is organised on a worldwide basis into three businesses:

- Retail Banking
- Private Banking
- Merchant Banking

Fortis Bank Nederland (Holding) N.V.'s segment reporting reflects the full contribution of these businesses. The aim is direct allocation to the businesses of all balance sheet and income statement items for which the businesses have full managerial responsibility.

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

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

28.2 Segment information

Retail Banking

Retail Banking offers international financial services to retail customers including individuals, the self-employed, members of the independent professions and small businesses. Fortis Bank Nederland (Holding) N.V. operates through a variety of distributions channels to deliver service and advice on every aspect of individual banking, saving, investment, credit and insurance.
Up until year-end 2008 Fortis Hypotheek Bank was reported under Asset and Liability Management (ALM). As from 30 June 2009 Fortis Hypotheek Bank is fully reported under Retail Banking. Figures for 2008 have been adjusted for comparable reasons.

Private Banking

Private Banking, operating under the MeesPierson label, offers integrated wealth management solutions to high net worth individuals, their family and their businesses. MeesPierson's relationship managers are supported by internal and external specialists in wealth structuring, including estate planning, investing, financing and insurance. This integrated service model ensures that clients receive the highest standard of service and personal attention.

Merchant Banking

Merchant Banking provides financial solutions to corporate and institutional clients active in the Netherlands and abroad. It wants to be the partner of choice for European medium-sized enterprises by offering added-value solutions through a cohesive network of business centres. Merchant Banking offers a broad range of banking services, including debt, equity and structured finance, trading and financial risk hedging, financial advisory and structuring. Merchant Banking provides high-level support throughout the value chain of the energy, commodities and transportation industries and is a strong player in clearing, custody, fund services, securities lending and trust services, combining the strength of an international presence in three time zones with local expertise and proximity to its clients.

Other

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

Allocation rules

Segment reporting uses balance sheet allocation rules, balance sheet squaring mechanisms, a fund transfer pricing system, rebilling of support and operation expenses and overhead allocation. The balance sheet allocation and squaring methodology are geared towards reporting information on segments to reflect the bank's business model.

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

Support and operations departments provide services to the segments. These services include Human Resources and Information Technology. The costs and revenues of these departments are charged to the segments on the basis of service level agreements (SLAs) reflecting the economic consumption of the products and services provided. SLAs ensure that the costs and revenues are charged based on actual use and at standard rates. Differences between the actual costs and the rebilled costs based on standard rates are passed on to the business segments in a final allocation.

28.3 Balance per segment

	Retail Banking	Private Banking	Merchant Banking	Other	Eliminations	Total Banking
						30 June 2009
Assets						
Cash and cash equivalents	2,652	415	27,698	35,644	(57,196)	9,213
Assets held for trading	12	29	14,538	147	(177)	14,549
Due from banks	87,769	6,702	83,849	54,243	(210,232)	22,331
Due from customers	69,986	4,511	98,356	84,648	(115,138)	142,363
Investments:						
- *Held to maturity*				*33*		*33*
- *Available for sale*	*15*	*26*	*2,392*	*72*		*2,505*
- *Held at fair value through profit or loss*			*133*			*133*
- *Investment property*		*57*	*33*	*6*	*(3)*	*93*
- *Associates and joint ventures*	*51*		*326*	*3*		*380*
	66	83	2,884	114	(3)	3,144
Other receivables	99	6	2,530	182	(191)	2,626
Property, plant and equipment	4	1	120	495	(248)	372
Goodwill and other intangible assets	4	5	168	39	(20)	196
Accrued interest and other assets	626	88	5,211	3,250	(4,734)	4,441
Deferred tax assets	294		31	(118)		207
Total assets	**161,512**	**11,840**	**235,385**	**178,644**	**(387,939)**	**199,442**
Liabilities						
Liabilities held for trading	12	85	25,060	190	(373)	24,974
Due to banks	98,940	5,031	123,770	91,515	(286,592)	32,664
Due to customers	51,133	6,922	79,229	45,035	(100,853)	81,466
Debt certificates	8,261		476	33,444	(136)	42,045
Subordinated liabilities	254	1	148	6,027	(352)	6,078
Other borrowings			251	34		285
Provisions	11	27	26	64	(30)	98
Current tax liabilities	133	1	217	54		405
Deferred tax liabilities	235	1	47	(238)		45
Accrued interest and other liabilities	2,533	(228)	6,167	(872)	397	7,997
Allocated liabilities			(6)	6		
Total liabilities	**161,512**	**11,840**	**235,385**	**175,259**	**(387,939)**	**196,057**
Shareholders' equity				3,304		3,304
Minority interests				81		81
Total equity				**3,385**		**3,385**
Total liabilities and equity	**161,512**	**11,840**	**235,385**	**178,644**	**(387,939)**	**199,442**

						31 December 2008
	Retail Banking	*Private Banking*	*Merchant Banking*	*Other*	*Eliminations*	*Total Banking*
Assets						
Cash and cash equivalents	2,876	468	30,245	33,803	(57,533)	9,859
Assets held for trading	30	220	13,857	85	(244)	13,948
Due from banks	48,318	5,410	89,770	53,920	(173,146)	24,272
Due from customers	69,448	4,306	80,364	78,668	(108,094)	124,692
Investments:						
- *Held to maturity*				*30*		*30*
- *Available for sale*	*12*	*18*	*3,443*	*69*		*3,542*
- *Held at fair value through profit or loss*			*151*			*151*
- *Investment property*		*58*	*29*	*7*	*(4)*	*90*
- *Associates and joint ventures*	*50*		*335*	*3*		*388*
	62	76	3,958	109	(4)	4,201
Other receivables	80	4	2,920	74	(49)	3,029
Property, plant and equipment	4	1	118	581	(290)	414
Goodwill and other intangible assets		94	78	19	(9)	182
Accrued interest and other assets	775	113	2,748	2,530	(2,797)	3,369
Deferred tax assets	166		44	627	(600)	237
Total assets	**121,759**	**10,692**	**224,102**	**170,416**	**(342,766)**	**184,203**
Liabilities						
Liabilities held for trading	30	219	23,546	164	(243)	23,716
Due to banks	72,463	4,569	111,240	98,013	(264,976)	21,309
Due to customers	36,581	5,748	87,251	37,584	(75,366)	91,798
Debt certificates	10,326		457	17,571	(103)	28,251
Subordinated liabilities	255	1	237	6,507	(439)	6,561
Other borrowings			226	31		257
Provisions	14	19	30	69	(35)	97
Current tax liabilities	94	2	189	(38)		247
Deferred tax liabilities	163	1	47	(137)		74
Accrued interest and other liabilities	1,833	133	879	7,633	(1,604)	8,874
Total liabilities	**121,759**	**10,692**	**224,102**	**167,397**	**(342,766)**	**181,184**
Shareholders' equity				2,944		2,944
Minority interests				75		75
Total equity				**3,019**		**3,019**
Total liabilities and equity	**121,759**	**10,692**	**224,102**	**170,416**	**(342,766)**	**184,203**

28.4 Income statement per segment

	First half year 2009					
	Retail Banking	*Private Banking*	*Merchant Banking*	*Other*	*Eliminations*	*Total Banking*
Income						
Interest income	2,871	150	3,229	2,920	(4,379)	4,791
Interest expense	(2,474)	(121)	(3,024)	(2,921)	4,379	(4,161)
Net interest income	397	29	205	(1)		630
Fee and commission income	72	41	376	16	(6)	499
Fee and commission expense	(21)	(7)	(109)	(16)	6	(147)
Net fee and commission income	51	34	267			352
Dividend, share in result of associates and joint ventures and other investment income	1	4	8	1		14
Realised capital gains (losses) on investments			9			9
Other realised and unrealised gains and losses	1	4	117	(61)		61
Other income	(24)	(11)	(16)	439	(5)	383
Total operating income	**426**	**60**	**590**	**378**	**(5)**	**1,449**
Change in impairments	(51)	(4)	(121)	(3)		(179)
Net operating income	**375**	**56**	**469**	**375**	**(5)**	**1,270**
Expenses						
Staff expenses	(89)	(32)	(190)	(114)		(425)
Other expenses	(107)	(13)	(117)	(146)	5	(378)
Depreciation and amortisation of tangible and intangible assets	(1)		(8)	(22)		(31)
Allocation expense	(91)	(17)	(125)	233		
Total expenses	**(288)**	**(62)**	**(440)**	**(49)**	**5**	**(834)**
Profit before taxation	**87**	**(6)**	**29**	**326**		**436**
Income tax expense	(25)	3	10	(82)		(94)
Net profit before minority interests	**62**	**(3)**	**39**	**244**		**342**
Net profit attributable to minority interests				4		4
Net profit attributable to shareholders	**62**	**(3)**	**39**	**240**		**338**

	Retail Banking	Private Banking	Merchant Banking	Other	Eliminations	Total Banking
						First half year 2008
Income						
Interest income	3,060	270	11,380	5,662	(10,610)	9,762
Interest expense	(2,665)	(223)	(10,971)	(5,897)	10,610	(9,146)
Net interest income	395	47	409	(235)		616
Fee and commission income	83	70	403	16	(6)	566
Fee and commission expense	(27)	(9)	(101)	(17)	6	(148)
Net fee and commission income	56	61	302	(1)		418
Dividend and other investment income		2	13			15
Share in result of associates and joint ventures		5		198		203
Realised capital gains (losses) on investments			37	3		40
Other realised and unrealised gains and losses	4	8	214	2		228
Other income	31	5	45	21	(3)	99
Total operating income	**486**	**128**	**1,020**	**(12)**	**(3)**	**1,619**
Change in impairments	(26)	(1)	(6)			(33)
Net operating income	**460**	**127**	**1,014**	**(12)**	**(3)**	**1,586**
Expenses						
Staff expenses	(90)	(34)	(223)	(115)		(462)
Other expenses	(105)	(20)	(130)	(183)	3	(435)
Depreciation and amortisation of tangible and intangible assets	(1)	(1)	(5)	(24)		(31)
Allocation expense	(108)	(30)	(91)	229		
Total expenses	**(304)**	**(85)**	**(449)**	**(93)**	**3**	**(928)**
Profit before taxation	**156**	**42**	**565**	**(105)**		**658**
Income tax expense	(46)	(6)	(115)	65		(102)
Net profit for the period	**110**	**36**	**450**	**(40)**		**556**
Net gain (loss) on discontinued operations						
Net profit before minority interests	**110**	**36**	**450**	**(40)**		**556**
Net profit attributable to minority interests			2	11		13
Net profit attributable to shareholders	**110**	**36**	**448**	**(51)**		**543**

Additional explanatory notes

29 Assets under management

Assets under management include investments for own account. Funds under management include investments managed on behalf of customers, either private or institutional, and on which the bank earns a management or advice fee. Funds under management includes discretionary capital (capital actively managed by the bank) and advisory capital.

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

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

	30 June 2009	31 December 2008
Investments for own account:		
- Debt securities	2,408	3,463
- Equity securities	262	260
- Real estate	93	90
- Other	381	388
Total investments for own account	**3,144**	**4,201**
Funds under Management:		
- Debt securities	12,322	10,064
- Equity securities	13,212	14,166
- Real estate	33	21
Total funds under management	**25,567**	**24,251**
Total assets under management	**28,711**	**28,452**

Changes in funds under management per segment are presented below.

	Retail Banking	Private Banking	Merchant Banking	Other	Eliminations	Total
Balance at 31 December 2008	**612**	**23,357**	**13**	**269**		**24,251**
In/out flow	124	772	(3)			893
Market gains /losses	(111)	(204)	8			(307)
Other	269	746	(16)	(269)		730
Balance at 30 June 2009	**894**	**24,671**	**2**			**25,567**

The column ‘Other’ includes funds managed by operating companies recorded in the segment ‘Other’. The line ‘Other’ includes the transfers between segments, the impact of acquisitions and divestments and currency translation differences.

30 Contingent liabilities

Like any other financial institution, Fortis Bank Nederland (Holding) N.V. is involved as a defendant in various claims, disputes and legal proceedings arising in the ordinary course of the banking business.

There have been no significant developments in contingent liabilities since 31 December 2008.

31 Post-balance sheet date events

On 8 July 2009, FSI Holdings Inc., whose parent company is Fortis Bank SA/NV and Fortis Bank Global Clearing N.V. (FBGC) signed a purchase and sale agreement for the purchase of 100% of the common interest of clearing firm Fortis Clearing Americas LLC (FCA) by FBGC. FCA is an essential element in FBGC's global network enabling it to continue its business as a leading global player in the clearing industry. Due to the unwinding of Fortis Group and new ownership structures, FCA and FBGC are no longer owned by one ultimate entity. Nonetheless FCA and FBGC are an integrated clearing organisation, sharing many global clients and providing one global product set to the market. The transaction was finalised on 4 August 2009. The transaction will have a slight impact (0.1%) on Fortis Bank Nederland (Holding) N.V.'s solvency ratio and tier 1 ratio.

Review report

Introduction

We have reviewed the accompanying (consolidated) balance sheet of Fortis Bank Nederland (Holding) N.V. ("the Company"), Amsterdam as at 30 June 2009, and the related profit and loss account, statement of comprehensive income, changes in equity and cash flows for the six month period then ended, and a summary of significant accounting policies and other explanatory notes (the consolidated interim financial statements). Management is responsible for the preparation and presentation of these consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

We conducted our review in accordance with Dutch law including standard 2410, "Review of Interim Financial Statements Performed by the Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Fortis Bank Nederland (Holding) N.V. interim financial statements do not give a true and fair view of the entity as at 30 June 2009 and the results of its operations and its cash flows for the six month period then ended in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Amstelveen, 18 August 2009
KPMG ACCOUNTANTS N.V.
D. Korf RA