

# FORTIS



**FORTIS BANQUE LUXEMBOURG S.A.**

**Consolidated Interim Financial Statements  
for the First Half-Year of 2008**

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All amounts reported in these consolidated interim financial statements are denominated in millions of euros, unless otherwise indicated. Because figures have been rounded off, small differences with previously reported figures may occur.

## Statement of the Board of Directors

The Board of Directors of Fortis Banque Luxembourg S.A. is responsible for preparing the Fortis Banque Luxembourg S.A. consolidated interim financial statements as at 30 June 2008 in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the European Transparency Directive (2004/109/EC).

The Board of Directors reviewed the consolidated interim financial statements on 18 September 2008 and authorised their issue.

The Board of Directors of Fortis Banque Luxembourg S.A. declares that, to the best of its knowledge, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and income statement of Fortis Banque Luxembourg S.A. and that the information contained herein has no omissions likely to modify significantly the scope of any statements made.

Luxembourg, 18 September 2008

### Board of Directors:

Chairman: MEYER Jean

Vice-Chairman: MITTLER Gilbert

Directors: CONTER Albert  
DE HEMPTINNE Michel  
DI LETIZIA Gabriel  
FOHL Camille  
FRENAY Bernard  
GALES Fernand  
GILBERTZ Jean-Claude  
GODET Jacques  
GRAMÉGNA Pierre  
HEIREND Claude  
KINSCH Joseph  
LUDES Corinne  
MEYERS Paul  
MUNO Marc  
ROOS Norbert  
HRH Prince Guillaume of Luxembourg  
SCHAACK Christian  
SCHARFE Robert  
SCHLEICH Arno  
THILL Carlo  
VAN WOENSEL Daniël  
WURTH Michel

## Management Report

### Balance Sheet

The *balance sheet total* amounts to EUR 57.8 billion at 30 June 2008, showing a decrease of 3.6% from the same date in 2007.

On the assets side, the decrease is in the first place attributable to a decrease of EUR 1.9 billion or 12.3% in *cash and cash equivalents* resulting from a drop in funds placed with the parent company. Second, in the context of the optimization of current and future interest margins, there was a decline of EUR 1.1 billion or 11.3% in *available for sale financial assets* due in particular to repayments and sales of bond portfolios.

The *investments in associates accounted for under the equity method* rose by EUR 0.4 billion due to a capital increase in the associate *Fortis Investment Management S.A.*

The *loans and receivables* to customers remained stable at EUR 26.1 billion. The increase in the credit activities has been compensated by the reimbursement of a structured finance deal.

On the liabilities side, the decrease in the balance sheet total is mainly due to a decline of the *debt certificates* for EUR 1.5 billion particularly due to repayments and partial reimbursements.

*Deposits from credit institutions* declined by EUR 0.5 billion due to a decrease in reverse repurchase activities with the parent company.

*Deposits from customers* remained stable at EUR 23.9 billion compared to December 2007.

The *total equity* increased by EUR 63 million, explained by the net profit realised during the first half-year, partly set off by the impact in equity of the unrealised losses on the investment portfolio.

## **Income Statement**

*Net interest income* was up by 9.0% compared to previous year mainly due to excellent results realised in the area of Treasury management benefiting from favourable market conditions.

*Dividends and other investment income* are stable and stand at EUR 39.4 million.

The Bank's share in the *results of associates accounted for under the equity method* amounted to EUR 131.3 million. This includes an exceptional gain of EUR 110.5 million which represents the remuneration received for the dilution of the Bank's share in the capital of Fortis Investment Management S.A. The results of the main equity associates have declined compared to the first half-year 2007.

*Fees and commissions* slightly decreased by 2.3%, suffering from the impact of the financial crisis and stands at EUR 172.5 million. Despite this unfavourable context, high assets under management, the continuing success of insurance products and banking packages as well as the contributions of the Swiss banking subsidiary and the leasing entities, allowed to keep a high level of income.

*Net realised capital gains on investments* stand at EUR 69.7 million. The decrease compared to previous year is due to the realised gain on the sale of the Bank's interest in Fortis Bank C.I. Ltd in 2007 for EUR 106.7 million.

*Other realised and unrealised gains (losses)* declined by EUR 19.2 million, mainly due to revaluation losses on trading derivatives in a highly volatile market, impacted by the liquidity crisis.

*Net operating income* for the first half-year 2008 hence came to EUR 786.3 million, showing a rise of EUR 15.5 million or 2.0% compared to the first half-year 2007.

*Changes in impairment* rose by EUR 60.6 million to EUR 67.2 million. The impairments were due to a further deterioration of credit market conditions in 2008, leading on one hand to various downgrades of the loan and the structured credit portfolios and, on the other hand, to the negative evolution of equity markets.

The *total operating expenses* increased by EUR 9.0 million or 3.3%, attributable mainly to a rise in staff expenses.

The *staff expenses* rose by EUR 11.5 million or 7.7%, primarily due to net recruitments of additional staff (+65 FTE) and to salary increases granted by the Bank.

In the context of a tight cost control, the *other administrative expenses* only slightly increased by EUR 1.2 million or 1.3%.

*Profit before tax* decreased by EUR 54.1 million to EUR 436.8 million. The *tax expense* is however higher by EUR 21.4 million than for the first half-year 2007, due to a rise in tax exempt income and to exceptional releases of tax provisions in 2007 relating to prior years.

*Net profit attributable to shareholders* thus amounted to EUR 388.4 million, which is a decrease by EUR 74.7 million or 16.1% compared to the first half-year 2007. Net profit as at December 2007 amounted to EUR 676.8 million.

Since the closing of the accounts as of 30 June 2008 financial markets have experienced serious turmoil. Nevertheless, those events have no significant impact on the consolidated interim financial statements as of 30 June 2008. Unless a material adverse change to current market conditions occurs,

FBL expects positive developments in the key revenue streams for all its business lines for the current financial year and to strictly control costs.



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## **REPORT OF THE REVISEUR D'ENTREPRISES**

### *Introduction*

We have reviewed the accompanying consolidated balance sheet of Fortis Banque Luxembourg ("the Bank") as of 30 June 2008 and the related consolidated income statement, statement of changes in consolidated equity and consolidated cash flows for the six-months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 "Interim Financial Reporting" of the Interim Financial Reporting Standards as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of review*

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

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the Bank as at 30 June 2008, and of its financial performance and its cash flows for the six-months period then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

We draw attention to the fact that the consolidated balance sheet of the Bank as at 30 June 2007 and the related consolidated income statement, statement of changes in consolidated equity and consolidated cash flow statement for the six-months period then ended, or any of the related notes have not been subject to an audit or a review.

Luxembourg, 18 September 2008

**KPMG Audit S.à r.l.**  
**Réviseurs d'Entreprises**

John Li

Stanislas Chambourdon

# Consolidated Balance Sheet

	Notes	30 June 2008	31 December 2007
<b>Assets</b>			
Cash and cash equivalents	5	13,322.1	15,194.1
Held for trading financial assets	6	578.8	679.9
Hedging derivatives		27.4	22.3
Loans and receivables to credit institutions	7	2,940.6	2,374.2
Loans and receivables to customers	8	26,058.5	26,144.1
Available for sale financial assets	9	8,707.0	9,815.5
Held to maturity financial assets	10	1,813.6	2,013.8
Financial assets designated at fair value through profit or loss		13.4	21.6
Investments in associates accounted for under the equity method	11	793.8	427.1
Investment property	12	645.2	552.3
Tangible assets		335.0	382.3
Goodwill and other intangible assets		270.2	282.0
Current and deferred tax assets		51.0	45.6
Other assets		1,680.5	1,372.3
Prepayments and accrued income		612.8	703.5
<b>Total assets</b>		<b>57,849.9</b>	<b>60,030.6</b>
<b>Liabilities</b>			
Held for trading financial liabilities	6	699.6	487.0
Hedging derivatives		18.7	40.0
Deposits from credit institutions	13	17,565.4	18,024.8
Deposits from customers	14	23,888.3	23,857.0
Debt certificates	15	7,921.7	9,465.9
Subordinated liabilities		727.9	853.5
Current and deferred tax liabilities		298.1	352.3
Provisions		23.0	19.8
Other liabilities		2,147.2	2,383.2
Accruals and deferred income		476.8	526.8
<b>Total liabilities</b>		<b>53,766.7</b>	<b>56,010.3</b>
Shareholders' equity		4,072.1	4,010.0
Minority interest		11.1	10.3
<b>Total equity</b>		<b>4,083.2</b>	<b>4,020.3</b>
<b>Total liabilities and equity</b>		<b>57,849.9</b>	<b>60,030.6</b>

The notes refer to the notes to the consolidated interim financial statements.



## Consolidated Income Statement

	Notes	First Half-Year 2008	First Half-Year 2007 (*)
Interest and similar income	16	1,847.0	1,467.7
Interest expense and similar charges	16	-1,522.4	-1,169.9
Dividends and other investment income		39.4	39.5
Share of the profit or loss of associates accounted for under the equity method		131.3	68.1
Fee and commission income	17	231.2	243.0
Fee and commission expense	17	-58.7	-66.4
Net realised capital gains on investments	18	69.7	130.8
Other net realised and unrealised gains (losses)		25.5	44.7
Other income		23.3	13.3
<b>Net operating income before change in impairments</b>		<b>786.3</b>	<b>770.8</b>
Change in impairments	19	-67.2	-6.6
<b>Total net operating income</b>		<b>719.1</b>	<b>764.2</b>
Staff expenses		-160.3	-148.8
Other administrative expenses		-90.5	-89.3
Amortisation of tangible and intangible assets		-31.5	-35.2
<b>Total operating expenses</b>		<b>- 282.3</b>	<b>-273.3</b>
<b>Profit before tax</b>		<b>436.8</b>	<b>490.9</b>
Tax expense		-47.6	-26.2
<b>Net profit for the period</b>		<b>389.2</b>	<b>464.7</b>
Minority interest		-0.8	-1.6
<b>Net profit attributable to shareholders</b>		<b>388.4</b>	<b>463.1</b>

(\*) Comparative figures have not been subject to an audit or review procedures.

The notes refer to the notes to the consolidated interim financial statements.

## Statement of Changes in Consolidated Equity

	Share capital	Share premium reserve	Other reserves	Foreign currency reserve	Net profit attributable to shareholders	Revaluation reserve	Shareholders' equity	Minority interest	Total equity
<b>Balance at 1 January 2007</b>	<b>350.0</b>	<b>633.5</b>	<b>1,838.7</b>	<b>-1.8</b>	<b>672.2</b>	<b>224.9</b>	<b>3,717.5</b>	<b>9.8</b>	<b>3,727.3</b>
Net profit for the period	-	-	-	-	463.1	-	463.1	1.6	464.7
Dividends	-	-	-	-	-82.4	-	-82.4	-	-82.4
Revaluation of investments	-	-	-	-	-	-34.8	-34.8	-	-34.8
Foreign currency translation	-	-	-	-9.1	-	-	-9.1	-	-9.1
Transfers	-	-	589.8	-	-589.8	-	-	-	-
Other	-	-	-44.7	-	-	-	-44.7	-0.3	-45.0
<b>Balance at 30 June 2007 (*)</b>	<b>350.0</b>	<b>633.5</b>	<b>2,383.8</b>	<b>-10.9</b>	<b>463.1</b>	<b>190.1</b>	<b>4,009.6</b>	<b>11.1</b>	<b>4,020.7</b>
<b>Balance at 1 January 2008</b>	<b>350.0</b>	<b>633.5</b>	<b>2,255.7</b>	<b>-31.0</b>	<b>676.8</b>	<b>125.0</b>	<b>4,010.0</b>	<b>10.3</b>	<b>4,020.3</b>
Net profit for the period	-	-	-	-	388.4	-	388.4	0.8	389.2
Dividends	-	-	-	-	-52.2	-	-52.2	-	-52.2
Revaluation of investments	-	-	-	-	-	-271.7	-271.7	-	-271.7
Foreign currency translation	-	-	-	-2.4	-	-	-2.4	-	-2.4
Transfers	-	-	624.6	-	-624.6	-	-	-	-
<b>Balance at 30 June 2008</b>	<b>350.0</b>	<b>633.5</b>	<b>2,880.3</b>	<b>-33.4</b>	<b>388.4</b>	<b>-146.7</b>	<b>4,072.1</b>	<b>11.1</b>	<b>4,083.2</b>

(\*) Comparative figures have not been subject to an audit or review procedures.

# Consolidated Cash Flow Statement

	<i>First Half-Year 2008</i>	<i>First Half-Year 2007 (*)</i>
<b>Cash and cash equivalents - at 1 January</b>	<b>15,194.1</b>	<b>6,406.5</b>
Profit before tax	436.8	490.9
<i>Non-cash items included in net profit and other adjustments:</i>		
Net realised gains (losses) on sales	-71.1	-139.8
Net unrealised gains (losses)	-432.8	108.4
Share of the profit or loss of associates accounted for under equity method, net of dividends received	-13.6	-43.9
Amortisations	53.4	33.1
Provisions and impairments	47.8	23.2
<i>Changes in operating assets and liabilities:</i>		
Held for trading financial assets and liabilities	314.1	-76.5
Loans and receivables to credit institutions	-583.7	4,062.8
Loans and receivables to customers	-64.4	-2,456.0
Other assets	26.1	-200.1
Deposits from credit institutions	-306.1	2,172.1
Deposits from customers	47.9	-2,142.6
Net changes in other operational assets and liabilities	-759.3	157.1
Tax paid	-29.0	-158.3
<b>Net cash from operating activities</b>	<b>-1,333.9</b>	<b>1,830.4</b>
Purchases of investments	-1,725.4	-1,230.9
Sales and redemptions of investments	2,343.2	3,363.4
Purchases of investment property	-68.7	-6.2
Sales of investment property	8.9	0.6
Purchases of tangible assets	-14.8	-29.4
Sales of tangible assets	0.4	3.3
Acquisitions of subsidiaries, net of cash acquired	-	-37.8
Acquisitions of intangible assets	-4.4	-5.1
Sales of intangible assets	2.8	-
<b>Net cash from investing activities</b>	<b>542.0</b>	<b>2,057.9</b>
Issuance of debt certificates	3,615.5	3,569.0
Redemption of debt certificates	-4,435.7	-4,085.4
Redemption of subordinated liabilities	-117.0	-
Issuance of other borrowings	4.3	-
Redemption of other borrowings	-105.2	-7.1
Dividends paid to shareholders	-52.2	-82.4
<b>Net cash from financing activities</b>	<b>-1,090.3</b>	<b>-605.9</b>
Impacts of foreign exchange differences on cash and cash equivalents	10.2	-7.6
<b>Cash and cash equivalents - at 30 June</b>	<b>13,322.1</b>	<b>9,681.3</b>

<b>Supplementary disclosures of operating cash flow information</b>		
Interest received	2,046.7	1,576.2
Dividends received	12.8	14.6
Interest paid	-1,504.6	-1,176.2

(\*) Comparative figures have not been subject to an audit or review procedures.

# 1 General Information

Fortis Banque Luxembourg, referred below as the “Bank”, was founded on 29 September 1919 as “Banque Générale du Luxembourg”. The Bank took the legal form of a limited company under Luxembourg law on 21 June 1935.

The corporate purpose of the Bank is to engage in all types of banking and financial operations and services, to take participating interests in businesses as well as to undertake commercial, industrial and other operations including transactions in moveable or real estate property, for its own account and on behalf of third parties, relating directly or indirectly to its corporate purpose or being conducive to favour its achievement. It may perform its activities in the activities in the Grand Duchy of Luxembourg or abroad.

Comparative figures as at 30 June 2007 (“first half-year 2007”) have not been subject to an audit or review procedures.

The Bank is included in the consolidated financial statements of Fortis Banque S.A., its principal shareholder. The consolidated financial statements of Fortis Banque S.A. are available at its registered address, which is 3 Montagne du Parc, Brussels.

The Bank is a member of the Fortis group, the broadest grouping of businesses in which it is included as a subsidiary. The consolidated financial statements of the Fortis group are available at the following addresses:

- Fortis and Fortis S.A.: Fortis, Rue Royale, 20, 1000 Brussels, Belgium;
- Fortis and Fortis N.V.: Fortis, Archimedeslaan 6, 3584 BA Utrecht, the Netherlands.

The consolidated interim financial statements have been approved by the Board of Directors on 18 September 2008.

## 2 Summary Accounting Policies and Principles of Consolidation

### 2.1 General information

The Bank’s consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and their interpretations existing as at 30 June 2008 and as adopted by the European Union. These comprise for IAS 39, *Financial Instruments: recognition and measurement*, the exclusion relating to the hedge accounting generally called “carve-out”, as adopted by the European Union on 15 November 2005.

The Bank’s consolidated interim financial statements for the first half-year of 2008, including the 2007 comparative figures, have been prepared in accordance with IAS 34, *Interim Financial Reporting*, and include condensed financial statements (balance sheet, income statement, statement of changes in equity, cash flow statement) and selected explanatory notes. The Bank’s consolidated interim financial statements should be read in conjunction with the Bank’s audited consolidated financial statements 2007 (including the accounting policies) which are available on the Bank’s web site at <http://www.fortisbanque.lu>.

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

### 2.2 Changes in accounting policies

The accounting policies used to prepare the consolidated interim financial statements for the first half-year 2008 are consistent with those applied in the Bank’s consolidated financial statements for the year ended 31 December 2007. A more extensive description of the accounting policies is included in the Bank’s 2007 consolidated financial statements.

On 10 January 2008, the International Accounting Standards Board (“IASB”) published a revised version of IFRS 3, *Business Combinations* and related revisions to IAS 27, *Consolidated Separate Financial Statements*. In the new version of IFRS 3, transaction costs directly attributable to the acquisition are no longer included in the cost of the business combination.

Furthermore, under IFRS 3 the acquirer can elect to measure any non-controlling interest at fair value at the acquisition date, or at its proportionate interest in the fair value of the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

This amendment is applicable as from the financial year 2010 (with earlier application permitted). The Bank is evaluating the effect of the changes.

On 17 January 2008, the IASB issued an amendment to IFRS 2, *Share-based Payment*. This amendment clarifies that vesting conditions are service conditions and performance conditions only and introduces non-vesting conditions. It also specifies that all cancellations, whether by the entity, the counterparty or by both parties, should receive the same accounting treatment.

This amendment is applicable as from the financial year 2009 (with earlier application permitted). The Bank is evaluating the effect of the changes.

On 14 February 2008, the IASB issued amendments to improve the accounting for particular types of financial instruments that have characteristics similar to those of ordinary shares but that at present are classified as financial liabilities. The amendments affect IAS 32, *Financial Instruments: Presentation* and IAS 1, *Presentation of Financial Statements*.

These amendments are applicable as from the financial year 2009 (with earlier application permitted) and will not have a material effect on the Bank.

On 22 May 2008, the IASB issued ‘Improvements to IFRSs’, a collection of minor amendments to a number of IFRSs. These amendments have different application dates and have no material effect on the Bank.

On the same date, the IASB issued an amendment to IFRS 1, *First-time Adoption of International Financial Reporting Standards*, related to the cost of an investment in a subsidiary in the separate financial statements of a parent. This amendment is applicable as from the financial year 2009 (with earlier application permitted) and will have no material impact on the Bank.

## 2.3 Accounting estimates

The preparation of the consolidated interim financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires Management to exercise its judgement in the process of applying these accounting policies. Actual results may differ from these assumptions and estimations. Interim results are not necessarily indicative for full-year results.

Estimates and judgements relate mainly to the following areas:

- estimation of the recoverable amount of impaired assets;
- determination of fair values of non-quoted financial instruments and in case of momentary absence of quotation on an active market;
- determination of the useful life and the residual value of tangible 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.

## 2.4 Segment reporting

On 5 November 2007, Fortis announced a reorganisation of its management structure as of 1 January 2008.

The primary format for reporting segment information is based on business segments. The Bank is organised into three business segments:

- **Retail Banking;**
- **Asset Management & Private Banking;**
- **Merchant Banking.**

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

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

## 2.5 Consolidation principles

### Subsidiaries

The consolidated financial statements include the financial statements of Fortis Banque Luxembourg S.A. and its subsidiaries. Subsidiaries are those companies, of which the Bank, directly or indirectly, has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities ("control"). Subsidiaries are consolidated from the date on which effective control is transferred to the Bank and are no longer consolidated from the date the control ceases.

Intercompany transactions, balances and gains and losses on transactions between the Bank's companies are eliminated. Minority interest in the net assets and the net results of consolidated subsidiaries are shown separately on the balance sheet and income statement. Minority interest is stated at the fair value of the net assets at the date of the acquisition. Subsequent to the date of the acquisition, minority interest comprises the amount calculated at the date of the acquisition and the minority's share of changes in equity since the date of acquisition.

The existence and impact of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Bank controls another entity.

### Joint ventures

Investments in joint ventures are accounted for using the equity method. Joint ventures are contractual agreements whereby the Bank and other parties undertake an economic activity that is subject to joint control.

### Investments in associates accounted for under the equity method

Investments in associates where the Bank has significant influence, but which it does not control, are accounted for using the equity method. The ownership share of net income for the year is recognised in the income statement at the Bank's share of the net assets of the associate accounted for under the equity method. Goodwill recognised from an acquisition of an associate accounted for under the equity method is presented as part of the investment in that associate.

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

Adjustments are made to the financial statements of the associates to ensure consistent accounting policies across the Bank.

Losses are recognised until the carrying amount of the investment is reduced to nil and further losses are only recognised to the extent that the Bank has incurred legal or constructive obligations or made payments on behalf of an associate accounted for under the equity method.

### 3 Consolidation Scope

In the second half-year 2007, the Bank founded the entities Allera y S.à r.l., Argance S.à r.l., Quinton Funding S.à r.l. and Tabor Funding S.à .r.l. as part of financing transactions.

Through its subsidiary Fortis Lease Group S.A., the Bank acquired the following companies: Captive Finance Ltd, Captive Finance Corporation Ltd, Captive Finance Denmark AS, Captive Finance Taiwan Co. Ltd, Captive Finance Sweden A.B., CF Corporation Ltd, CF Capital (S) PTE. Ltd, CF Capital (M) SDN. Ltd, Fortis Lease Finland O.Y., Fortis Lease Holding Norge A.S., Fortis Lease Norge A.S., Folea II Verwaltungs GmbH, Folea Grundstücksverwaltungs- und Vermietungs GmbH & Co. Objekt Burtenbach K.G., and merged the entities CTB Leasing GmbH and Mecklenburgische Leasing GmbH with Fortis Lease Deutschland AG.

During the first half-year 2008, the Bank merged the entity PBI Holding AG with Fortis Banque Suisse S.A., partially participated in a capital increase at the level of Fortis Investment Management S.A., thus reducing the percentage of capital held from 23.78% to 15.33%. Moreover the Bank founded the entities Eris Investissements S.à r.l. and Park Mountain Lease B.V as part of a financing transaction and a securitisation transaction respectively. The subsidiary FAM Personal Fund Advisory S.A. has been liquidated.

Through its subsidiary Fortis Lease Group S.A., the Bank founded the entity Fortis Lease (China) Co. Ltd.

#### Fully consolidated companies:

<i>Name</i>	<i>Registered Office</i>	<i>Activity</i>	<i>Percentage of capital held</i>	
			<i>30 June 2008</i>	<i>30 June 2007</i>
ACE EQUIPMENT LEASING N.V. (*)	BERCHEM-SAINT-AGATHE (B)	Leasing	100.00%	100.00%
ACE LEASING N.V. (*)	BERCHEM-SAINT-AGATHE (B)	Leasing	100.00%	100.00%
ALLERAY S.à r.l.	LUXEMBOURG	Financing vehicle	100.00%	--
ARGANCE S.à r.l.	LUXEMBOURG	Financing vehicle	100.00%	--
CAPTIVE FINANCE Ltd (*)	WANCHAI (HONG KONG)	Leasing	100.00%	--
CAPTIVE FINANCE CORPORATION Ltd (*)	BOULDER (USA)	Leasing	100.00%	--
CAPTIVE FINANCE DENMARK A.S. (*)	BALLERUP (DK)	Leasing	100.00%	--
CAPTIVE FINANCE TAIWAN CO. Ltd (*)	TAIPEI (TAIWAN)	Leasing	100.00%	--
CAPTIVE FINANCE SWEDEN A.B. (*)	LINKÖPING (S)	Leasing	100.00%	--
CF CORPORATION Ltd (*)	WANCHAI (HONG KONG)	Leasing	100.00%	--
CF CAPITAL (S) PTE. Ltd (*)	SINGAPORE	Leasing	100.00%	--
CF CAPITAL (M) SDN. Ltd (*)	KUALA LUMPUR (MALAYSIA)	Leasing	100.00%	--
COFHYLUX S.A.	LUXEMBOURG	Real estate company	100.00%	100.00%
CTB LEASING G.m.b.H. (*) (merged with FORTIS LEASE DEUTSCHLAND A.G.)	ESSEN (D)	Leasing	--	100.00%



<b>Name</b>	<b>Registered Office</b>	<b>Activity</b>	<b>Percentage of capital held</b>	
			<b>30 June 2008</b>	<b>30 June 2007</b>
DALGARNO S.A.	LUXEMBOURG	Financing vehicle	100.00%	100.00%
DELVINO S.A.	LUXEMBOURG	Financing vehicle	100.00%	100.00%
DREIECK ONE Ltd (*)	GEORGES TOWN (CAÏMAN ISLANDS)	Leasing	100.00%	100.00%
ERIS INVESTISSEMENTS S.à r.l.	LUXEMBOURG	Financing vehicle	100.00%	--
ES-FINANCE N.V. (*)	BERCHEM-SAINT-AGATHE (B)	Leasing	100.00%	100.00%
FAM FUND ADVISORY S.A.	LUXEMBOURG	Advisory company	100.00%	100.00%
FAM PERSONAL FUND ADVISORY S.A. (Liquidated)	LUXEMBOURG	Advisory company	--	100.00%
FBL FINANCE S.A.	LUXEMBOURG	Financial institution	100.00%	100.00%
F.L. ZEEBRUGGE N.V. (*)	BERCHEM-SAINT-AGATHE (B)	Leasing	100.00%	100.00%
FOLEA VERWALTUNGS GmbH (*)	BERLIN (D)	Leasing	100.00%	100.00%
FOLEA II VERWALTUNGS GmbH (*)	DÜSSELDORF (D)	Leasing	100.00%	--
FOLEA GRUNDSTÜCKSV ERWALTUNG S- UND VERMIETUNGS GmbH & CO, OBJEKT BURTENBACH K.G. (*)	DÜSSELDORF(D)	Leasing	6.00% (**)	--
FOLEA GRUNDSTÜCKSV ERWALTUNG S- UND VERMIETUNGS GmbH & CO, OBJEKT LEVERKUSEN K.G. (*)	BERLIN (D)	Leasing	90.00% (**)	90.00% (**)
FORTIS BANQUE MONACO S.A.M.	MONACO (MC)	Bank	99.00%	99.00%
FORTIS BANQUE (SUISSE) S.A.	GENEVA (CH)	Bank	100.00%	100.00%
FORTIS FINANSAL KIRALAMA A.S. (*)	ISTANBUL (TR)	Leasing	100.00%	100.00%
FORTIS LEASE (B) S.A. (*)	BERCHEM-SAINT-AGATHE (B)	Leasing	100.00%	100.00%
FORTIS LEASE (CHINA) CO. Ltd. (*)	BEIJING (CHINA)	Leasing	100.00%	--
FORTIS LEASE C.T. S.A. (*)	BERCHEM-SAINT-AGATHE (B)	Leasing	100.00%	100.00%
FORTIS LEASE CZECH LLC. (*)	PRAGUE (CZ)	Leasing	100.00%	100.00%
FORTIS LEASE DEUTSCHLAND AG (*)	DÜSSELDORF (D)	Leasing	100.00%	100.00%
FORTIS LEASE FINLAND O.Y. (Formerly: CAPTIVE FINANCE FINLAND O.Y.) (*)	ESPOO (FIN)	Leasing	100.00%	--
FORTIS LEASE FRANCE S.A. (*)	PUTEAUX (F)	Leasing	100.00%	100.00%
FORTIS LEASE GROUP S.A.	LUXEMBOURG	Leasing	100.00%	100.00%
FORTIS LEASE GROUP SERVICES S.A./ N.V. (*)	BRUSSELS (B)	Leasing	100.00%	100.00%

<b>Name</b>	<b>Registered Office</b>	<b>Activity</b>	<b>Percentage of capital held</b>	
			<b>30 June 2008</b>	<b>30 June 2007</b>
FORTIS LEASE HOLDING NORGE A.S. (Formerly: CAPTIVE FINANCE HOLDING A.S.) (*)	OSLO (N)	Leasing	100.00%	--
FORTIS LEASE HOLDINGS UK Ltd. (*)	LONDON (GB)	Leasing	100.00%	100.00%
FORTIS LEASE HUNGARIA OPERATIV LIZING ZRT. (*)	BUDAPEST (H)	Leasing	100.00%	100.00%
FORTIS LEASE HUNGARIA ESZKÖZFINANSZIROZASI PENZÜGYI LIZING ZARTKÖRÜEN MUKÖDO RESZVENYTARSASAG (*)	BUDAPEST (H)	Leasing	100.00%	100.00%
FORTIS LEASE HUNGARIA INGATLANFINANSZEROZASI PENZÜGYI LIZING ZRT. (*)	BUDAPEST (H)	Leasing	100.00%	100.00%
FORTIS LEASE HUNGARIA GEPJARMUFINANSZIROZASI PENZÜGYI LIZING ZARTKÖRÜEN MUKÖDO RESZVENYTARSASAG (*)	BUDAPEST (H)	Leasing	100.00%	100.00%
FORTIS LEASE IBERIA E.F.C. S.A. (*)	BARCELONA (E)	Leasing	78.61%	78.61%
FORTIS LEASE IMMOBILIER (SUISSE) S.A. (*)	LAUSANNE (CH)	Leasing	100.00%	100.00%
FORTIS LEASE ITALIA S.p.A.	ASSAGO (I)	Leasing	100.00%	100.00%
FORTIS LEASE LUXEMBOURG S.A. (*)	LUXEMBOURG	Leasing	100.00%	100.00%
FORTIS LEASE NEDERLAND N.V. (*)	HERTOGENBOSCH (NL)	Leasing	100.00%	100.00%
FORTIS LEASE NORGE A.S. (Formerly: CAPTIVE FINANCE NORGE A.S.) (*)	OSLO (N)	Leasing	100.00%	--
FORTIS LEASE POLSKA Sp. Z.o.o. (*)	WARSAW (PL)	Leasing	100.00%	100.00%
FORTIS LEASE PORTUGAL S.A. (*)	LISBON (P)	Leasing	100.00%	100.00%
FORTIS LEASE ROMANIA IFN S.A. (*)	BUCHAREST (RO)	Leasing	100.00%	100.00%
FORTIS LEASE S.p.A. (*)	TREVISO (I)	Leasing	100.00%	100.00%
FORTIS LEASE (SUISSE) S.A. (*)	LAUSANNE (CH)	Leasing	100.00%	100.00%
FORTIS LEASE UK Ltd (*)	LONDON (GB)	Leasing	100.00%	100.00%
FUNDAMENTUM ASSET MANAGEMENT S.A. (FAM)	LUXEMBOURG	Asset Management	96.54%	96.54%
GLOBAL MANAGEMENT SERVICES LLC (*)	BUCHAREST (RO)	Leasing	100.00%	100.00%
INTERNAXX BANK S.A.	LUXEMBOURG	Bank	75.00%	75.00%
MECKLENBURGISCHE LEASING G.m.b.H. (*) (merged with FORTIS LEASE DEUTSCHLAND A.G.)	ROSTOCK (D)	Leasing	--	100.00%
PARK MOUNTAIN LEASE B.V. (**)	AMSTERDAM (NL)	Financing vehicle	100.00%	--
PATTISON S.à r.l.	LUXEMBOURG	Financing vehicle	100.00%	100.00%

<b>Name</b>	<b>Registered Office</b>	<b>Activity</b>	<b>Percentage of capital held</b>	
			<b>30 June 2008</b>	<b>30 June 2007</b>
PBI HOLDING A.G. (merged with FORTIS BANQUE SUISSE S.A.)	ZUG (CH)	Financial institution	--	100.00%
QUAINTON FUNDING S.à r.l.	LUXEMBOURG	Financing vehicle	100.00%	--
SOCIETE ALSACIENNE DE DEVELOPPEMENT ET D'EXPANSION S.A. (SADE)	STRASBOURG (F)	Bank	100.00%	100.00%
TABOR FUNDING S.à r.l.	LUXEMBOURG	Financing vehicle	100.00%	--

(\*) Companies held through a subsidiary but directly consolidated by the Bank

(\*\*) Companies controlled and consolidated through agreements between shareholders

### Companies accounted for under the equity method:

<b>Name</b>	<b>Registered Office</b>	<b>Activity</b>	<b>Percentage of capital held</b>	
			<b>30 June 2008</b>	<b>30 June 2007</b>
<b>Associates</b>				
BIP INVESTMENT PARTNERS S.A.	LUXEMBOURG	Investment company	25.29%	25.81%
FASTNET BELGIUM S.A.	BRUSSELS (B)	Administration of UCIT's	47.80%	47.80%
FASTNET LUXEMBOURG S.A.	LUXEMBOURG	Administration of UCIT's	47.79%	47.79%
FASTNET NEDERLAND N.V.	AMSTERDAM (NL)	Administration of UCIT's	47.84%	47.84%
FORTIS INTERTRUST GROUP HOLDING S.A.	GENEVA (CH)	Financial institution	25.04%	25.04%
FORTIS INVESTMENT MANAGEMENT (FIM) S.A.	BRUSSELS (B)	Asset Management	15.33%	23.76%
FORTIS LUXEMBOURG-VIE S.A.	LUXEMBOURG	Insurance	50.00%	50.00%
NISSAN FINANCE BELGIUM N.V. (*)	BRUSSELS (B)	Leasing	25.00%	25.00%

### Joint ventures

MARIE LEASE S.à r.l. (*)	LUXEMBOURG	Leasing	50.00%	50.00%
POSTBANK IRELAND Ltd.	DUBLIN (IRL)	Bank	50.00%	50.00%

(\*) Companies held through a subsidiary but directly consolidated by the Bank

## 4 Dividend

A total dividend of EUR 52.2 million, thus EUR 3.8 per share, has been paid on 7 April 2008.

## 5 Cash and Cash Equivalents

	<i>30 June 2008</i>	<i>31 December 2007</i>
Cash on hand	24.5	28.6
Balances with central banks readily convertible in cash other than mandatory reserve deposits	38.4	76.2
Loans to credit institutions	13,258.8	15,088.4
Other	0.9	1.0
<b>Total</b>	<b>13,322.6</b>	<b>15,194.2</b>
Impairments for incurred but not reported credit risk (IBNR)	-0.5	-0.1
<b>Total cash and cash equivalents</b>	<b>13,322.1</b>	<b>15,194.1</b>

## 6 Held for Trading Financial Assets and Liabilities

### 6.1 Held for trading financial assets

The following table provides a specification of held for trading financial assets:

	<i>30 June 2008</i>	<i>31 December 2007</i>
Debt securities:		
- Corporate debt securities	13.3	18.4
- Mortgage-backed securities	-	0.1
Equity securities	207.7	26.1
<b>Total trading securities</b>	<b>221.0</b>	<b>44.6</b>
Derivatives:		
Over the counter (OTC)	347.9	629.4
Exchange traded	9.9	5.9
<b>Total trading derivatives</b>	<b>357.8</b>	<b>635.3</b>
<b>Total held for trading financial assets</b>	<b>578.8</b>	<b>679.9</b>

## 6.2 Held for trading financial liabilities

The table below shows the composition of held for trading financial liabilities:

	30 June 2008	31 December 2007
Derivative financial instruments:		
Over the counter (OTC)	689.6	481.0
Exchange traded	10.0	6.0
<b>Total derivatives held for trading</b>	<b>699.6</b>	<b>487.0</b>
<b>Total held for trading financial liabilities</b>	<b>699.6</b>	<b>487.0</b>

The following table provides a specification of the methods used in determining the fair values of trading securities at 30 June 2008 and 31 December 2007:

	30 June 2008	31 December 2007
<i>Total trading securities (assets)</i>		
Fair values of trading securities supported by observable market data	221.0	44.6
<b>Total</b>	<b>221.0</b>	<b>44.6</b>

## 7 Loans and Receivables to Credit Institutions

Loans and receivables to credit institutions consist of the following items:

	30 June 2008	31 December 2007
Interest-bearing deposits	164.1	177.1
Loans and advances	1,723.3	1,261.2
Reverse repurchase agreements	-	372.8
Mandatory reserve deposits with central banks	733.7	517.7
Held at fair value through profit or loss	220.9	-
Other	99.9	45.7
<b>Total</b>	<b>2,941.9</b>	<b>2,374.5</b>
Less impairments:		
- specific credit risk	-0.1	-0.1
- incurred but not reported credit risk (IBNR)	-1.2	-0.2
<b>Loans and receivables to credit institutions</b>	<b>2,940.6</b>	<b>2,374.2</b>

## 8 Loans and Receivables to Customers

Loans and receivables to customers consist of the following:

	<i>30 June 2008</i>	<i>31 December 2007</i>
Government and official institutions	429.1	268.7
Residential mortgage	3,207.7	3,278.5
Consumer loans	1,050.2	1,199.2
Commercial loans	8,277.2	7,656.1
Reverse repurchase agreements	-	1,012.0
Financial lease receivables	12,343.4	11,584.3
Other loans	918.1	1,304.9
Loans at fair value through profit or loss	30.9	29.4
Fair value adjustments from hedge accounting	-2.3	-1.7
<b>Total</b>	<b>26,254.3</b>	<b>26,331.4</b>
Less impairments:		
- specific credit risk	-169.3	-166.3
- incurred but not reported credit risk (IBNR)	-26.5	-21.0
<b>Net loans and receivables to customers</b>	<b>26,058.5</b>	<b>26,144.1</b>

### Impairments on loans to customers

Changes in impairments on loans to customers are as follows:

	<i>First Half-Year 2008</i>		<i>First Half-Year 2007</i>	
	Specific credit risk	Incurred but not reported credit risk (IBNR)	Specific credit risk	Incurred but not reported credit risk (IBNR)
<b>Balance at 1 January</b>	<b>166.3</b>	<b>21.0</b>	<b>168.1</b>	<b>37.4</b>
Acquisitions/divestments of subsidiaries	-	-	0.1	-
Increase in impairments	44.3	6.1	34.4	1.6
Release of impairments	-17.0	-0.6	-22.1	-10.0
Write-offs of uncollectible loans	-25.0	-	-14.4	-
Foreign currency translation effects and other adjustments	0.7	-	-3.4	-
<b>Balance at 30 June</b>	<b>169.3</b>	<b>26.5</b>	<b>162.7</b>	<b>29.0</b>

## 9 Available for Sale Financial Assets

The fair value and amortised cost of the Bank's available for sale financial assets including gross unrealised gains (losses) are as follows:

	Historical amortised cost	Unrealised gains	Unrealised losses	Fair value adjustments from hedge accounting	Impairments	Fair value
<i>30 June 2008</i>						
Government bonds	2,374.9	5.0	-91.2	6.0	-	2,294.7
Corporate debt securities	4,279.1	2.6	-87.3	-12.3	-0.6	4,181.5
Mortgage-backed securities	1,209.5	0.1	-42.6	-	-	1,167.0
Other asset-backed securities	682.0	-	-98.0	-1.0	-22.0	561.0
Private equities and venture capital	5.7	1.4	-	-	-1.8	5.3
Other equity securities	492.8	20.0	-62.8	1.3	-20.5	430.8
Other investments	23.9	43.4	-	-	-0.6	66.7
<b>Total</b>	<b>9,067.9</b>	<b>72.5</b>	<b>-381.9</b>	<b>-6.0</b>	<b>-45.5</b>	<b>8,707.0</b>

### *31 December 2007*

Government bonds	2,030.7	4.9	-37.9	4.4	-	2,002.1
Corporate debt securities	4,991.8	26.8	-66.2	13.5	-0.6	4,965.3
Mortgage-backed securities	990.7	0.5	-13.5	-	-	977.7
Other asset-backed securities	1,248.9	0.2	-47.9	-	-16.7	1,184.5
Private equities and venture capital	6.1	1.7	-	-	-2.0	5.8
Other equity securities	500.6	66.8	-28.8	1.7	-12.3	528.0
Other investments	33.5	119.2	-	-	-0.6	152.1
<b>Total</b>	<b>9,802.3</b>	<b>220.1</b>	<b>-194.3</b>	<b>19.6</b>	<b>-32.2</b>	<b>9,815.5</b>

### *Valuation techniques*

The following table provides a specification of the methods used in determining the fair values of available for sale financial assets at 30 June 2008 and 31 December 2007:

	30 June 2008	31 December 2007
Fair values of available for sale financial assets supported by observable market data	6,548.1	8,403.2
<b>Total</b>	<b>6,548.1</b>	<b>8,403.2</b>
Fair values of available for sale financial assets obtained by using valuation techniques referring to:		
- mathematical calculation methods based on recognised financial theories	50.4	68.8
- techniques developed by the Bank and based on parameters partly non observable on active markets	2,108.5	1,343.5
<b>Total</b>	<b>2,158.9</b>	<b>1,412.3</b>
<b>Total financial assets available for sale</b>	<b>8,707.0</b>	<b>9,815.5</b>

### *Valuation techniques referring to mathematical calculation methods based on recognised financial theories*

Certain financial instruments, although not quoted on active markets, are priced by using methods based on parameters observable in the markets. These models use market parameters calibrated from observable data such as yield curves, implicit volatility spreads of options, default rates and loss

assumptions obtained from consensual data or from active markets over the counter. The valuation obtained by these models is adjusted in order to take into account liquidity and credit risks.

*Valuation techniques referring to techniques developed by the Bank and based on parameters partly non observable on active markets*

Certain complex financial instruments, generally customized, low liquid or with long maturities are priced by using techniques developed by the Bank and based on parameters partly non observable on active markets. In the absence of observable parameters, these instruments are priced, at initial recognition, in a way to reflect the transaction price which is considered to be the best indication of the market value. The valuation obtained by these models is adjusted in order to take into account liquidity and credit risks.

#### Impairments on available for sale financial assets

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

	<i>First Half-Year 2008</i>	<i>First Half-Year 2007</i>
<b>Balance at 1 January</b>	<b>32.2</b>	<b>19.7</b>
Increase in impairments	15.4	-
Release of impairments	-0.2	-
Reversal on sale/disposal	-1.7	-2.1
Foreign currency translation effects and other adjustments	-0.2	-0.3
<b>Balance at 30 June</b>	<b>45.5</b>	<b>17.3</b>

The increase in impairments of EUR 15.4 million for the first half-year 2008 (first half-year 2007: 0) includes EUR 5.4 million relating to the Bank's CDO portfolio and EUR 10 million relating to the equity portfolio.

Fortis Banque Luxembourg S.A. applies a two step approach in the impairment testing process of financial instruments. First, an assessment is made if objective evidence exists that a financial asset is impaired, followed by the recognition and measurement of an impairment loss. The assessment of objective evidence is based on observable data ('triggers') about loss events. This method is also applied by Fortis Group.

Impairment losses are measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows.

## 10 Held to Maturity Financial Assets

	<i>30 June 2008</i>		<i>31 December 2007</i>	
	<i>Carrying value</i>	<i>Fair value</i>	<i>Carrying value</i>	<i>Fair value</i>
Government bonds	1,760.7	1,722.7	1,887.0	1,875.2
Corporate debt securities	52.9	49.9	126.8	125.3
<b>Total</b>	<b>1,813.6</b>	<b>1,772.6</b>	<b>2,013.8</b>	<b>2,000.5</b>



## 11 Investments in Associates Accounted for Under the Equity Method

	<i>30 June 2008</i>	<i>31 December 2007</i>
<b>Associates and joint ventures</b>		
BIP Investment Partners S.A.	134.4	148.6
Fortis Investment Management S.A.	483.5	109.2
Fortis Luxembourg Vie S.A.	35.2	36.3
Fortis Intertrust Group Holding S.A.	73.3	62.7
Postbank Ireland Ltd	46.6	51.0
Other	20.8	19.3
<b>Total</b>	<b>793.8</b>	<b>427.1</b>

The Bank partially participated in a capital increase at the level of Fortis Investment Management S.A., thus reducing the percentage of capital held from 23.78% to 15.33%.

## 12 Investment Property

Investment property mainly comprises residential, commercial real estate and mixed use real estate, located primarily in Luxembourg. The following table shows the changes in investment property:

	<i>30 June 2008</i>	<i>31 December 2007</i>
<b>Acquisition cost at 1 January</b>	<b>642.3</b>	<b>630.6</b>
Acquisitions	68.7	44.2
Disposals	-8.9	-32.8
Foreign currency translation effects	-	-0.2
Other	38.5	0.5
<b>Acquisition cost at end of the period/year</b>	<b>740.6</b>	<b>642.3</b>
<b>Accumulated depreciation at 1 January</b>	<b>-89.3</b>	<b>-91.9</b>
Depreciation expense	-10.0	-18.6
Reversal of depreciations	4.7	20.4
Foreign currency translation effects	-	0.1
Other	-	0.7
<b>Accumulated depreciation at end of the period/year</b>	<b>-94.6</b>	<b>-89.3</b>
<b>Impairments at 1 January</b>	<b>-0.7</b>	<b>-3.1</b>
Increase in impairments	-0.1	-0.1
Reversal of impairments	-	0.1
Reversal of impairments due to disposals	-	2.4
<b>Impairments at end of the period/year</b>	<b>-0.8</b>	<b>-0.7</b>
<b>Investment property</b>	<b>645.2</b>	<b>552.3</b>
Fair value supported by market evidence	257.9	227.9
Fair value subject to an independent valuation	493.3	444.3
<b>Total fair value of investment property</b>	<b>751.2</b>	<b>672.2</b>

## 13 Deposits from Credit Institutions

Deposits from credit institutions are as follows:

	<i>30 June 2008</i>	<i>31 December 2007</i>
Deposits from credit institutions:		
On demand	492.8	556.3
Interest bearing deposits	8,329.4	7,830.2
Other	1.8	2.3
<b>Total deposits</b>	<b>8,824.0</b>	<b>8,388.8</b>
Repurchase agreements	2,469.5	3,626.6
Financial liabilities designated at fair value through profit or loss	30.9	29.4
Other	6,241.0	5,980.0
<b>Total deposits from credit institutions</b>	<b>17,565.4</b>	<b>18,024.8</b>

The line "Other" includes the long term refinancing of the leasing entities.

## 14 Deposits from Customers

The components of deposits from customers are as follows:

	<i>30 June 2008</i>	<i>31 December 2007</i>
Demand deposits	9,605.4	9,377.7
Saving deposits	2,137.4	2,165.0
Time deposits	10,506.5	10,317.3
Other deposits	7.4	49.3
Repurchase agreements	461.2	466.3
Other borrowings	1,170.4	1,481.4
<b>Total deposits from customers</b>	<b>23,888.3</b>	<b>23,857.0</b>

## 15 Debt Certificates

Debt certificates are composed of debt securities and other fixed interest rate securities. At 30 June 2008, the Bank has issued the following types of debt certificates:

	<i>30 June 2008</i>	<i>31 December 2007</i>
Bons de caisse	260.4	281.8
Commercial paper	2,692.1	1,851.9
Other	3.6	3.7
<b>Total at amortised cost</b>	<b>2,956.1</b>	<b>2,137.4</b>
Held at fair value through profit or loss	4,965.6	7,328.5
<b>Total debt certificates</b>	<b>7,921.7</b>	<b>9,465.9</b>

## 16 Interest

### 16.1 Interest and similar income

The breakdown of interest received and similar income is as follows:

	<i>First Half-Year 2008</i>	<i>First Half-Year 2007</i>
Interest on cash equivalents	217.0	156.2
Interest on due from credit institutions	122.1	44.3
Interest on held to maturity financial assets	39.1	40.6
Interest on available for sale financial assets	223.6	283.9
Interest on loans and receivables to customers	742.9	569.9
Interest on held for trading financial assets and derivatives	467.7	330.7
Other interest	34.6	42.1
<b>Total interest and similar income</b>	<b>1,847.0</b>	<b>1,467.7</b>

### 16.2 Interest expense and similar charges

The breakdown of interest expense and similar charges is as follows:

	<i>First Half-Year 2008</i>	<i>First Half-Year 2007</i>
Interest on deposits from credit institutions	421.2	235.8
Interest on deposits from customers	416.6	365.3
Interest on debt certificates	138.8	143.8
Interest on subordinated liabilities	20.5	23.4
Interest on held for trading financial liabilities and derivatives	479.0	353.5
Interest on other liabilities	46.3	48.1
<b>Total interest expense and similar charges</b>	<b>1,522.4</b>	<b>1,169.9</b>

## 17 Fee and Commissions

### 17.1 Fee and commission income

Fee and commission income is as follows:

	<i>First Half-Year 2008</i>	<i>First Half-Year 2007</i>
Securities	113.8	124.2
Asset management	55.7	53.2
Payment services	11.3	10.2
Guarantees and commitments	5.6	7.4
Other	44.8	48.0
<b>Total fee and commission income</b>	<b>231.2</b>	<b>243.0</b>

## 17.2 Fee and commission expense

Fee and commission expense is as follows:

	<i>First Half-Year 2008</i>	<i>First Half-Year 2007</i>
Securities	29.3	29.7
Intermediaries	9.1	11.2
Payment services	4.8	4.3
Custodian fees	3.6	4.0
Other	11.9	17.2
<b>Total fee and commission expense</b>	<b>58.7</b>	<b>66.4</b>

## 18 Net Realised Capital Gains on Investments

Net realised capital gains on investments are as follows:

	<i>First Half-Year 2008</i>	<i>First Half-Year 2007</i>
Debt securities (available for sale financial assets)	3.8	-4.2
Equity securities (available for sale financial assets)	64.7	28.1
Real estate	1.3	0.3
Subsidiaries, investments in associates accounted for under the equity method	-	106.6
Other	-0.1	-
<b>Net realised capital gains on investments</b>	<b>69.7</b>	<b>130.8</b>

## 19 Change in Impairments

Change in impairments is as follows:

	<i>First Half-Year 2008</i>	<i>First Half-Year 2007</i>
Cash and cash equivalents	0.3	-0.1
Loans and receivables to credit institutions	1.0	0
Loans and receivables to customers	32.8	3.9
Credit commitments	4.1	-2.2
Available for sale financial assets	15.2	-
Investment property	0.1	-
Tangible assets	-0.1	-0.1
Intangible assets	7.7	-
Other assets	6.1	5.1
<b>Total change in impairments</b>	<b>67.2</b>	<b>6.6</b>

## 20 Information on Segments

The Bank is an international financial services provider. The primary format for the segment reporting is based on business segments.

On 5 November 2007, Fortis announced a reorganisation of its management structure as of 1 January 2008. The new structure was implemented on 1 January 2008.

The comparative figures of 2007 have not been modified as this would have resulted in too significant costs as regards to the comparative information to obtain.

The Bank is now organised into three businesses, further subdivided into three business segments (for details see below):

- Retail Banking;
- Asset Management & Private Banking;
- Merchant Banking.

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

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

Segment information is prepared based on the same accounting policies as those used in preparing and presenting the Bank's consolidated interim financial statements and by applying appropriate allocation rules.

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

### **Retail Banking**

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

In Ireland, a financial services joint venture named Postbank has been established with An Post.

### **Asset Management & Private Banking**

#### *Asset Management*

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

#### *Private Banking*

Private Banking offers integrated, worldwide asset and liability management solutions to high net worth individuals, their businesses and their advisors.

### **Merchant Banking**

Merchant Banking combines market leadership in the Benelux region with a strong position on a European or worldwide scale in specific skills with growth perspectives. As part of its pursuit of optimum and economically rewarding relationships with its customers, the business provides a full range of services customised to meet customers' needs, based on an in-depth analysis of their expectations.

Merchant Banking comprises Corporate & Public Banking, Commercial & Investment Banking, Global Markets and Specialised Finance.

Corporate & Public Banking is responsible for the global relationship management of corporate and public-sector clients.

Commercial Banking aims to be the partner of choice for Europe-oriented medium-sized enterprises by offering added-value solutions through a cohesive network of business centres.

Investment Banking offers a wide variety of financial services, including corporate finance, structured finance and private equity. It provides integrated financial solutions in the fields of export and project finance, acquisition and leveraged finance, real estate finance and principal finance (primarily targeting transportation group companies).

Global Markets includes Institutional Banking, and Clearing, Funds & Custody.

Global Markets develops and delivers comprehensive, tailored and integrated solutions to top corporate clients, financial institutions, mid-caps, private banking clients, governments and public entities worldwide. It is present in 25 countries across Europe, America and Asia.

Clearing, Funds & Custody offers high-value financial services in custody, clearing, fund administration and financing that support the trading and investment activities of financial professionals.

Specialised Finance consists of Energy, Commodities & Transportation (ECT), leasing, commercial finance, trade finance, supply chain and cash management. This business line is made up of separate entities with different internal and external distribution channels and client bases. It develops a joint market approach that brings high-added value solutions to customers.

#### **Other Banking**

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

#### **Allocation rules**

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

The balance sheet allocation and squaring methodology aim at 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 the interest rate risk, the foreign exchange risk and the liquidity risk, by funding their own assets with their own liabilities, or by having direct access to the financial markets. The interest, currency and liquidity risks are removed by transferring them from the segments to the internal central bankers. This is reflected in the fund transfer pricing system. A key role in this system is attributed to Asset and Liability Management (ALM). The results of ALM are allocated to the segments based on the regulatory capital used and the interest margin generated within the segments.

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

## 20.1 Consolidated balance sheet by segment

30 June 2008

	Retail Banking	Asset Management	Private Banking	Merchant Banking	Other Banking	Eliminations	Total Banking
<b>Assets</b>							
Cash and cash equivalents	240.5	-	413.3	12,843.4	46.9	-222.0	13,322.1
Held for trading financial assets	-	-	33.3	545.5	1.4	-1.4	578.8
Hedging derivatives	-	-	2.7	24.7	-	-	27.4
Loans and receivables to credit institutions	55.5	-	20.3	3,260.3	-1,374.8	979.3	2,940.6
Loans and receivables to customers	14,820.2	-	6,582.3	21,033.2	6,380.9	-22,758.1	26,058.5
Available for sale financial assets	-	-	6.2	5,798.0	2,902.7	0.1	8,707.0
Held to maturity financial assets	-	-	-	-	1,813.6	-	1,813.6
Financial assets designated at fair value through profit or loss	-	-	-	13.4	-	-	13.4
Investments in associates accounted for under the equity method	40.9	483.5	73.3	11.1	185.0	-	793.8
Investment property	-	-	-	628.0	23.6	-6.4	645.2
Tangible assets	0.3	-	21.7	39.0	508.3	-234.3	335.0
Goodwill and other intangible assets	0.2	-	8.8	51.2	213.8	-3.8	270.2
Currents and deferred taxes	-	-	-	51.0	-	-	51.0
Other assets	0.2	-	3.3	1,670.9	41.0	-34.9	1,680.5
Prepayments and accrued income	0.3	-	21.6	589.7	6.0	-4.8	612.8
<b>Total assets</b>	<b>15,158.1</b>	<b>483.5</b>	<b>7,186.8</b>	<b>46,559.4</b>	<b>10,748.4</b>	<b>-22,286.3</b>	<b>57,849.9</b>
<b>Liabilities</b>							
Held for trading financial liabilities	-	-	32.7	666.9	17.3	-17.3	699.6
Hedging derivatives	-	-	0.2	18.5	-	-	18.7
Deposits from credit institutions	6.6	-	1,700.5	15,081.1	625.7	151.5	17,565.4
Deposits from customers	14,863.1	-	5,520.1	19,485.3	5,837.3	-21,817.5	23,888.3
Debt certificates	251.0	-	9.4	7,753.5	168.2	-260.4	7,921.7
Subordinated liabilities	-	-	-	675.0	52.9	-	727.9
Current and deferred tax liabilities	-	-	25.0	79.1	194.0	-	298.1
Provisions	3.0	-	1.9	6.7	17.9	-6.5	23.0
Other liabilities	3.4	-	-193.1	2,513.8	158.1	-334.9	2,145.3
Accruals and deferred income	1.0	-	17.5	459.1	0.2	-1.0	478.8
<b>Total liabilities</b>	<b>15,128.1</b>	<b>-</b>	<b>7,114.1</b>	<b>46,739.0</b>	<b>7,071.6</b>	<b>-22,286.1</b>	<b>53,766.7</b>
Shareholders' equity	-	-	-	-	4,072.1	-	4,072.1
Minority interest	-	-	-	-	11.1	-	11.1
<b>Total equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,083.2</b>	<b>-</b>	<b>4,083.2</b>
<b>Total liabilities and equity</b>	<b>15,128.1</b>	<b>-</b>	<b>7,114.1</b>	<b>46,739.0</b>	<b>11,154.8</b>	<b>-22,286.3</b>	<b>57,849.9</b>
Loans and receivables to external customers	4,782.5	-	2,249.4	11,153.9	-	-	18,185.8
Loans and receivables to internal customers	10,037.7	-	4,332.9	9,879.3	6,380.9	-22,758.1	7,872.7
<b>Loans and receivables to customers</b>	<b>14,820.2</b>	<b>-</b>	<b>6,582.3</b>	<b>21,033.2</b>	<b>6,380.9</b>	<b>-22,758.1</b>	<b>26,058.5</b>
Deposits from external customers	10,034.6	-	5,535.6	4,484.3	-32.9	-	20,021.6
Deposits from internal customers	4,828.5	-	-15.5	15,001.0	5,870.2	-21,817.5	3,866.7
<b>Deposits from customers</b>	<b>14,863.1</b>	<b>-</b>	<b>5,520.1</b>	<b>19,485.3</b>	<b>5,837.3</b>	<b>-21,817.5</b>	<b>23,888.3</b>

	Retail Banking		Merchant & Private Banking		31 December 2007		
	Network	Asset Management	Clients	Skills	Other	Eliminations	Total
<b>Assets</b>							
Cash and cash equivalents	251.7	-	518.9	14,788.8	122.3	-487.6	15,194.1
Held for trading financial assets	-	-	15.3	666.8	-	-2.2	679.9
Hedging derivatives	-	-	-	22.3	-	-	22.3
Loans and receivables to credit institutions	-641.7	-1.0	1,180.0	5,901.2	90.0	-4,154.3	2,374.2
Loans and receivables to customers	17,800.7	5.4	16,922.5	30,617.3	0.3	-39,202.1	26,144.1
Available for sale financial assets	1,826.4	2.8	1,017.3	8,169.3	16.7	-1,217.0	9,815.5
Held to maturity financial assets	1,181.3	1.8	636.4	194.3	-	-	2,013.8
Financial assets designated at fair value through profit and loss	-	-	14.4	14.4	-	-7.2	21.6
Investments in associates accounted for under the equity method	141.9	109.3	114.7	24.9	36.3	-	427.1
Investment property	4.0	-	2.1	535.1	17.9	-6.8	552.3
Tangible assets	142.8	0.2	96.1	102.7	283.2	-242.7	382.3
Goodwill and other intangible assets	123.6	0.2	75.6	82.6	4.0	-4.0	282.0
Other assets, prepayment and accrued income	27.7	-	32.1	2,080.0	14.3	-32.7	2,121.4
<b>Total assets</b>	<b>20,858.4</b>	<b>118.7</b>	<b>20,625.4</b>	<b>63,199.7</b>	<b>585.0</b>	<b>-45,356.6</b>	<b>60,030.6</b>
<b>Liabilities</b>							
Held for trading liabilities	2.4	-	15.8	478.3	-0.1	-9.4	487.0
Hedging derivatives	-	-	-	40.0	-	-	40.0
Deposits from credit institutions	232.9	0.3	4,159.2	21,386.7	419.2	-8,173.5	18,024.8
Deposits from customers	17,695.1	5.2	18,403.2	24,570.8	-14.4	-36,802.9	23,857.0
Debt certificates	378.0	0.2	68.4	9,301.0	0.1	-281.8	9,465.9
Subordinated liabilities	53.6	0.1	29.9	770.9	-	-1.0	853.5
Current and deferred tax liabilities	151.5	0.2	100.9	94.5	5.4	-0.2	352.3
Provisions	9.5	-	8.7	3.9	0.2	-2.5	19.8
Other liabilities, accruals and deferred income	102.6	0.1	-3,414.5	6,304.8	-2.2	-80.8	2,910.0
<b>Total liabilities</b>	<b>18,625.6</b>	<b>6.1</b>	<b>19,371.6</b>	<b>62,950.9</b>	<b>408.2</b>	<b>-45,352.1</b>	<b>56,010.3</b>
Shareholder's equity	-	-	-	-	4,010.0	-	4,010.0
Minority interest	-	-	-	-	10.3	-	10.3
<b>Total equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,020.3</b>	<b>-</b>	<b>4,020.3</b>
<b>Total liabilities and equity</b>	<b>18,625.6</b>	<b>6.1</b>	<b>19,371.6</b>	<b>62,950.9</b>	<b>4,428.5</b>	<b>-45,352.1</b>	<b>60,030.6</b>
Loans and receivables to external customers	4,646.3	-	7,596.9	15,293.9	-	-1,393.0	26,144.1
Loans and receivables to internal customers	13,154.4	5.4	9,325.6	15,323.4	0.3	-37,809.1	-
<b>Loans and receivables to customers</b>	<b>17,800.7</b>	<b>5.4</b>	<b>16,922.5</b>	<b>30,617.3</b>	<b>0.3</b>	<b>-39,202.1</b>	<b>26,144.1</b>
Deposits from external customers	9,639.9	-	8,636.9	5,514.6	65.6	-	23,857.0
Deposits from internal customers	8,055.2	5.2	9,766.3	19,056.2	-80.1	-36,802.9	-
<b>Deposits from customers</b>	<b>17,695.1</b>	<b>5.2</b>	<b>18,403.2</b>	<b>24,570.8</b>	<b>-14.4</b>	<b>-36,802.9</b>	<b>23,857.0</b>



## 20.2 Consolidated income statement

	<i>First Half-Year 2008</i>						
	<i>Retail</i>	<i>Asset</i>	<i>Private</i>	<i>Merchant</i>	<i>Other</i>		<i>Total</i>
	<i>Banking</i>	<i>Management</i>	<i>Banking</i>	<i>Banking</i>	<i>Banking</i>	<i>Eliminations</i>	<i>Banking</i>
Interest and similar income	342.5	-	132.2	1,552.3	233.4	-413.4	1,847.0
Interest expense and similar charges	-264.5	-	-107.6	-1,396.5	-167.2	413.4	-1,522.4
Dividends and other investment income	0.6	-	0.8	25.2	12.9	-0.1	39.4
Share of the profit or loss of associates accounted for under the equity method	-4.3	115.4	11.9	2.4	5.9	-	131.3
Fee and commission income	53.2	-	93.0	82.8	3.7	-1.5	231.2
Fee and commission expense	-2.5	-	-16.3	-37.9	-3.5	1.5	-58.7
Net realised capital gains on investments	-	-	-	2.0	67.7	-	69.7
Other net realised and unrealised gains (losses)	2.6	-	5.7	26.0	-8.8	-	25.5
Other income	1.5	-	1.1	12.4	8.3	-	23.3
<b>Net operating income before change in impairments</b>	<b>129.1</b>	<b>115.4</b>	<b>120.8</b>	<b>268.7</b>	<b>152.4</b>	<b>-0.1</b>	<b>786.3</b>
Change in impairments	-10.7	-	-3.7	-42.9	-9.9	-	-67.2
<b>Total net operating income</b>	<b>118.4</b>	<b>115.4</b>	<b>117.1</b>	<b>225.8</b>	<b>142.5</b>	<b>-0.1</b>	<b>719.1</b>
Staff expenses	-24.5	-	-30.3	-56.9	-48.6	-	-160.3
Other administrative expenses	-4.7	-	-12.0	-31.0	-42.9	0.1	-90.5
Amortisation of tangible and intangible assets	-0.3	-	-1.5	-16.2	-13.5	-	-31.5
<b>Total operating expenses</b>	<b>-29.5</b>	<b>-</b>	<b>-43.8</b>	<b>-104.1</b>	<b>-105.0</b>	<b>0.1</b>	<b>-282.3</b>
<b>Profit before tax</b>	<b>88.9</b>	<b>115.4</b>	<b>73.3</b>	<b>121.7</b>	<b>37.5</b>	<b>-</b>	<b>436.8</b>
Tax expense	-12.0	-	-10.0	-11.3	-14.3	-	-47.6
<b>Net profit for the period</b>	<b>76.9</b>	<b>115.4</b>	<b>63.3</b>	<b>110.4</b>	<b>23.2</b>	<b>-</b>	<b>389.2</b>
Minority interest	-	-	-	-	-0.8	-	-0.8
<b>Net profit attributable to shareholders</b>	<b>76.9</b>	<b>115.4</b>	<b>63.3</b>	<b>110.4</b>	<b>22.4</b>	<b>-</b>	<b>388.4</b>

	Retail Banking		Merchant & Private Banking			First Half-Year 2007	
	Network	Asset Management	Clients	Skills	Other	Eliminations	Total
Interest and similar income	300.2	-	374.9	1,243.9	210.9	-662.2	1,467.7
Interest expense and similar charges	-219.7	-	-326.6	-1,133.9	-146.8	657.1	-1,169.9
Dividends, share in result of associates and joint ventures and other investment income	2.4	29.1	18.9	23.8	33.5	-0.1	107.6
Fee and commission income	55.3	-	115.8	68.3	3.6	-	243.0
Fee and commission expense	-3.6	-	-19.5	-40.0	-8.2	4.9	-66.4
Net realised capital gains on investments	-	-	83.2	1.8	45.8	-	130.8
Other net realised and unrealised gains (losses)	2.2	-	8.1	29.1	5.3	-	44.7
Other income	0.1	-	2.3	6.6	4.4	-0.1	13.3
<b>Net operating income before change in impairments</b>	<b>136.9</b>	<b>29.1</b>	<b>257.1</b>	<b>199.6</b>	<b>148.5</b>	<b>-0.4</b>	<b>770.8</b>
Change in impairments	-1.1	-	7.1	-12.5	-0.1	-	-6.6
<b>Total net operating income</b>	<b>135.8</b>	<b>29.1</b>	<b>264.2</b>	<b>187.1</b>	<b>148.4</b>	<b>-0.4</b>	<b>764.2</b>
Staff expenses	-23.3	-	-33.2	-37.3	-512.7	457.7	-148.8
Other administrative expenses	-7.1	-	-12.4	-23.6	-48.5	2.3	-89.3
Amortisation of tangible and intangible assets	-0.3	-	-1.4	-20.9	-37.5	24.9	-35.2
<b>Total operating expenses</b>	<b>-30.7</b>	<b>-</b>	<b>-47.0</b>	<b>-81.8</b>	<b>-598.7</b>	<b>484.9</b>	<b>-273.3</b>
<b>Profit before tax</b>	<b>105.1</b>	<b>29.1</b>	<b>217.2</b>	<b>105.3</b>	<b>-450.3</b>	<b>484.5</b>	<b>490.9</b>
Tax expense	-11.9	-	-12.3	-1.9	-0.2	0.1	-26.2
<b>Net profit for the period</b>	<b>93.2</b>	<b>29.1</b>	<b>204.9</b>	<b>103.4</b>	<b>-450.5</b>	<b>484.6</b>	<b>464.7</b>
Minority interest	-	-	-	-	-1.6	-	-1.6
<b>Net profit attributable to shareholders</b>	<b>93.2</b>	<b>29.1</b>	<b>204.9</b>	<b>103.4</b>	<b>-452.1</b>	<b>484.6</b>	<b>463.1</b>

## 21 Assets under Management

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

The lines "Eliminations" in the tables below relate to the funds under management of clients invested in funds managed by the Bank that otherwise would be counted double.

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

	<i>30 June 2008</i>	<i>31 December 2007</i>
Investments for own account:		
- Debt securities	10,017.7	11,143.6
- Equity securities	516.3	707.5
- Real estate	645.2	552.3
- Other	793.7	427.1
<b>Total investments for own account</b>	<b>11,972.9</b>	<b>12,830.5</b>
Funds under management:		
- Debt securities	14,157.3	14,050.3
- Equity securities	11,058.2	12,631.9
- Eliminations	-2,303.8	-2,541.7
<b>Total funds under management</b>	<b>22,911.7</b>	<b>24,140.5</b>
<b>Total assets under management</b>	<b>34,884.6</b>	<b>36,971.0</b>

## 22 Contingent liabilities

Like any other financial institution, the Bank is involved as defendant in various claims, disputes and legal proceedings, arising in the ordinary course of the banking business.

The Bank makes provisions for such matters when, in the opinion of management and upon consultation with its legal advisors, it is probable that a payment will have to be made by the Bank, and when the amount can be reasonably estimated.

In respect of further claims and legal proceedings against the Bank of which management is aware (and which, according to the principles outlined above, have not been provided for), it is the opinion of management, after due consideration of appropriate professional advice, that such claims are without merit, can be successfully defended or that the outcome of these actions is not expected to result in a significant loss in the Bank's consolidated interim financial statements.

## 23 Post-Balance Sheet Events

Since the closing of the accounts as of 30 June 2008 financial markets have experienced serious turmoil. Nevertheless, those events have no significant impact on the consolidated interim financial statements as of 30 June 2008. Unless a material adverse change to current market conditions occurs, FBL expects positive developments in the key revenue streams for all its business lines for the current financial year and to strictly control costs.