



BNP PARIBAS

BNP Paribas Fortis Funding

Société Anonyme

R.C.S. Luxembourg no. B 24 784

67, Boulevard Grande-Duchesse Charlotte
L-1331 Luxembourg

**Audited annual accounts for the
year ended 31 December 2011**



BNP PARIBAS FORTIS

BNP Paribas Fortis Funding

Public limited company

Registered office: L-1331 Luxembourg, 67 boulevard Grande-Duchesse Charlotte

R.C.S. Luxembourg B no 24 784

(hereinafter referred to as the « Company »)

Report from the Board of Directors

Dear Sirs,

We are pleased to submit to you for approval, the annual accounts for the financial year ended 31 December 2011 and a proposal for the profit and loss allocation.

As at 31 December 2011, the total balance sheet amounts to EUR 5,579,965,179 compared to EUR 4,914,447,234 as at 31 December 2010.

The Company issued securities (amongst which retail offers to the public in Belgium and in the Grand Duchy in Luxembourg) which are split as follows:

	31 December 2011	31 December 2010
Subordinated notes	2,060,515,241	2,050,691,035
Fixed interest rates notes	916,800,822	658,181,513
Floating rates notes	660,879,311	7,722,000
Variable coupon notes	834,018,681	901,938,916
Variable redemption notes Credit Linked	364,505,860	378,133,140
Variable redemption notes Index Linked	362,844,170	392,578,435
Variable redemption notes Other	93,951,129	157,860,298
Variable redemption notes Reverse Convertible	-	10,000,000
Zero coupon Notes	5,013,154	-
Commercial Paper	55,223,888	147,126,325
TOTAL	5,353,752,256	4,704,231,662

During 2011, the Company issued several securities and also faced several redemptions as follows:

Type of product	Issues		Redemptions/Buy back		Foreign exchange by category		Total
	Number	Ccy	In Euros	Number	Ccy	In Euros	
Subordinated notes	0		0	0		0	
Total			0	0		0	9,824,206
Fixed interest rate notes	3	AUD	93,382,897	0		0	
	1	EUR	75,000,000	2	EUR	-187,000,000	
	7	NOK	206,593,227	0		0	
	2	SEK	32,514,975	0		0	
	2	TRY	21,309,905	0		0	
	1	USD	15,433,290	0		0	
Total	16		444,234,294	2		-187,000,000	258,619,309
Floating rate notes	11	EUR	652,854,000	1	EUR	-7,722,000	
	1	USD	8,025,311	0		0	
Total	12		660,879,311	1		-7,722,000	653,157,311
Variable coupon notes	22	EUR	268,300,000	7	EUR	-336,737,500	
Total	22		268,300,000	7		-336,737,500	-67,920,235
Credit linked notes	2	EUR	5,734,000	2	EUR	-5,000,000	
				1	USD	-16,497,975	
Total	2		5,734,000	3		-21,497,975	2,136,695
Index linked notes	10	EUR	57,501,000	15	EUR	-94,234,000	
	2	JPY	11,305,955	0	JPY	-1,502,904	
				1	SEK	-3,197,442	
Total	12		68,806,955	16		-98,934,346	2,136,695
Reversible convertible notes	0		0	1	EUR	-10,000,000	
Total	0		0	1		-10,000,000	-10,000,000
Zero-coupon notes	1	EUR	5,013,154	0		0	
Total	1		5,013,154	0		0	5,013,154
Other	0		0	9	EUR	-41,412,000	
	0		0	2	JPY	-20,504,795	
Total	0		0	11		-61,916,795	-1,992,374
TOTAL GENERAL	65		1,452,967,714	41		-723,808,616	12,263,933
							741,423,031

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As at 31 December 2011, the Company shows a profit amounting to EUR 638,908 compared to a loss amounting to EUR 27,673,143 for the year ended 31 December 2010. The increase is mainly explained by the following elements:

- Decrease of the global option premium received and paid amounting to EUR -10,958,561 for the year ended 31 December 2011 (2010: EUR -38,381,664) as follows:

In EUR	31 December 2011	31 December 2010
Amortization of premium paid and received		
Amortization premium paid	-14,057,521	-14,428,180
Amortization premium received	3,098,960	5,046,809
Sub-total	-10,958,561	-9,381,371
Exceptional result on amortization until 31 December 2009		
Matured option premium paid	-	-6,323,631
Matured option premium received	-	4,481,912
Non-matured option premium paid	-	-27,158,576
Sub-total	-	-29,000,295
Total	-10,958,561	-38,381,666

The accounting policy regarding the option premiums has been changed in 2010.

Until 31 December 2009, these option premiums were booked in balance sheet accounts at securities issuance and reversed through Profit & Loss accounts at maturity of these securities.

As from 1st January 2010, the option premiums are amortized over the life of the corresponding security issuance.

The amortization of the option premiums paid until 2009 has been booked in exceptional charges as at 31 December 2010. The amortization of the matured option premiums paid and received until 31 December 2009 has been also booked in exceptional charges and income as at 31 December 2010.

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- Decrease of the expenses relating to bond issuances amounting to EUR 12,960,091 for the year ended 31 December 2011 (2010: EUR 15,034,691), which is as follows:

	31 December 2011	31 December 2010
Amortization of expenses related to bond issues	-329,013	-493,449
Amortization of syndication commissions	-9,493,978	-10,989,959
Subtotal	-9,822,991	-11,483,408
Amortization of disagio	-3,137,100	-3,551,283
Total	-12,960,091	-15,034,691

The expenses are amortized over the life of the corresponding security's issuance.

- Increase of the net amortization of the upfront fees received and paid amounting to EUR 14,338,862 for the year ended 31 December 2011 (2010: EUR 13,462,246), which is as follows:

	31 December 2011	31 December 2010
Amortization of upfront fees paid	-19,799	-1,605,839
Amortization of upfront fees received	14,358,661	15,068,085
Total	14,338,862	13,462,246

The upfront fees are amortized over the life of the corresponding security's issuance.

- Decrease of the premiums received on borrowings amounting to EUR 9,002,708 as at 31 December 2011 against EUR 10,293,166 as at 31 December 2010.
- Decrease of the interest margin amounting to EUR 3,613,061 as at 31 December 2011 against EUR 4,119,101 as at 31 December 2010.

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The previous year's profit brought forward amounts to EUR 3,137,715.

Following the release of an amount of EUR 366,175 from the reserve 2006 for the wealth tax, the crediting of the reserve 2011 for the wealth tax for an amount of EUR 185,366 (5 * EUR 37,073) derived from the net wealth tax 2011 (EUR 37,073), the dividends to distribute for EUR 2,500,000 and the result of the year for EUR 638,908, an amount of EUR -1,680,283, representing the result is to be carried forward.

Moreover, the Board of Directors decides to propose to the Shareholders' General Meeting the following allocation:

* result of the year:	EUR	638,908
* retained earnings (reserve from wealth tax 2006)	EUR	366,175
* transfer to reserve wealth tax from retained earnings (reserve 2011)	EUR	(185,366)
* dividends to distribute	EUR	(2,500,000)
* result to be carried forward	EUR	(1,680,283)

Reporting obligations

The Company fulfils its reporting obligations towards the local authorities and, with regard to the law of 11 January 2008 on transparency requirements for issuers of securities and the relevant regulations, as amended from time to time (the "Transparency Law"), the Company has signed on 2009 an agreement for OAM (Officially Appointed Mechanism) with BNP Paribas Securities Services, Luxembourg Branch (following the transfer on 1st April 2010 of the securities services activities of BGL BNP Paribas - Luxembourg to BNP Paribas Securities Services, Luxembourg branch).

The Board of Directors will also give a general overview, below, of the main inherent risks faced by BNP Paribas Fortis Funding and of the relevant mitigating factors. This overview is given as of the date of this report. The risks applicable to BNP Paribas Fortis Funding and the corresponding risk management methods can change from time to time.

It has to be noted that the Company doesn't provide post issuance information to the investors of its notes. In case of public offers of structured notes in Belgium, it is the relevant distributor of such notes that shall comply with the terms of the Moratorium on particularly complex products proposed by the Belgian FSMA. It includes the obligation to publish information on the value of the notes and of the underlying(s) during the life of the notes.

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Main inherent risks

The main inherent risks faced by BNP Paribas Fortis Funding can be broken down into the following categories:

1) Operational risk:

The operational risk is the risk of loss resulting from inadequate or failed internal processes or systems, human error, external events or changes in the competitive environment that damage the franchise or operating economics of a business.

The verification of the outstanding amount of the EMTN and ECP Programmes versus its relevant limit is done by the agent of such programmes with a check performed by BNP Paribas Fortis Funding (general exposure limits as approved by the Board of Directors (controlling risk)).

Before issuing any EMTN or ECP Programme, the Directors have to acknowledge that:

The terms of the paragraphs 1 and 2 of Article 57 of the Luxembourg Law on commercial companies dated 10 August 1915, as amended disclosing that “The Director who has an interest which is opposed to the company’s interest in a transaction submitted to the Board of Directors for authorization, is obliged to disclose such opposed interest to the Board and to procure that the existence of such opposed interest be mentioned in the minutes of the Board meeting. He cannot take part in the vote of the relevant resolutions of the Board. The existence of transactions in relation to which a Director has an opposed interest to that of the company has to be specifically reported to the first succeeding general meeting of shareholders prior to any other resolution is put to vote” are respected.

BNP Paribas Fortis Funding publishes from time to time prospectuses to offer or/and place securities within the framework of its business activity as foreseen in its article of association.

As required by the Luxembourg law on prospectuses and the relevant regulations as the case maybe, the Company takes responsibility for the information contained in these prospectuses (with the limitations specified in these ones).

The EMTN prospectus was updated and approved by the CSSF on 17 June 2011. A supplement was also approved by the CSSF on 6 January 2012.

The amendment of the Prospectus Directive will require to pay a particular attention on the way the base prospectus of the EMTN Programme of the Company will have to be updated in 2012.

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2) Legal risk:

In case of any potential legal risk (e.g. license requested by a sponsor of an index, claim received from a note holder or an investor), the Company will request advices from the legal department of its parent company and advices from an external legal advisor if it is required by one member of the Board of Directors.

Furthermore, the Company follows the compliance rules defined by its parent company in term of reputational risk and compliance with laws and regulations applicable to the Company.

3) Tax risk:

In case of any potential tax risk, the Company requests advices from the tax specialists of its parent company and advices from an external tax advisor if it is required by one member of the Board of Directors.

4) Financial risk:

It encompasses two types of risk: credit risk and market risk as defined below:

- Credit risk is the risk that a borrower or counterparty will no longer be able to repay its debt;
- Market risk refers to the potential loss resulting from unfavourable market movements, which can arise from trading or holding positions in financial instruments.

Within the framework of the Funding Operations, BNP Paribas Fortis Funding hedges with Fortis Bank N.V./S.A. (hereafter "FBB") or BNP Paribas Arbitrage S.N.C. its exposures to various types of risks by using common OTC/derivatives instruments such as swaps and options from the issue date/starting date of each Funding Operation, for all the duration of such Funding Operation, and for the full amount of the related Funding Operation. Therefore the structure of each Funding Operation matches with the various related hedging transactions in terms of economics and in terms of documentation.

BNP Paribas Fortis Funding is currently only exposed to a counterparty risk on the companies controlled by FBB (i.e. FBB as hedging counterpart (e.g. Fortis Bank N.V./S.A. as buyer of credit protection under Credit Default Swaps and buyer or seller under options or other derivatives transactions) and FBB as borrower under the loans) and on BNP Paribas Arbitrage S.N.C..

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To avoid exposure to a credit risk on a paying agent under its EMTN and ECP Programmes, BNP Paribas Fortis Funding has followed the market practice and has included a wording in the documentation of these programmes to be discharged from its payment obligations towards the noteholders as soon as the payments have been made on time to the relevant principal paying agent.

For the avoidance of any doubt, BNP Paribas Fortis Funding does not hold a trading portfolio and is then not exposed to a trading risk, i.e. in case of changes in the market price of positions held in capital market instruments.

5) Liquidity risk:

The liquidity risk is the risk that BNP Paribas Fortis Funding, though solvent, either does not have sufficient financial resources available to meet its obligations when they fall due, or can secure or sell its assets only at excessive cost.

This risk is monitored by FBB and its Liquidity Risk Policy explicitly mentions that the bank must maintain sufficient cash and liquid assets to meet its current and future financial obligations at all times, in normal and in stressed circumstances, for all its banking and financial activities, including special purpose vehicles and all legal entities.

6) Settlement risk:

BNP Paribas Fortis Funding is responsible for the cash management on a daily basis by monitoring the cash balances of the Company. Furthermore, the Company has implemented a payment procedure approved by the Board of Directors and agreed by BGL BNP Paribas S.A., which can be summarised as follows:

- Each payment or repayment of principal amounts requires both the signature of one Director and the signature of one proxy holder;
- Each payment of interests to investors requires the signature of two proxy holders;
- Each payment of fees relating to Intertrust Luxembourg S.A. requires the approval of the Board of Directors and then the signature of two proxy holders;
- For other costs:
 - each payment above EUR 10,000 requires the signature of one Director and one proxy holder;
 - other payments require the signature of two proxy holders.
- For payments with value retro-active: a letter has been signed by two directors to authorize them, after the new amendment on 1st November 2009 of the PSD (directive on payment services).

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Information to be sent to the parent company

BNP Paribas Fortis Funding is a subsidiary of Fortis Bank N.V./S.A..

The CBFA, FBB's supervisor on a consolidated basis, has granted its approval for using the most advanced approaches for calculating the own funds requirements under Basel II. This means that FBB applies the Advanced Internal Ratings Based Approach (AIRBA) to credit risk and the Advanced Measurement Approach (AMA) to operational risk for the majority of its portfolio.

Besides, FBB uses 'economic capital' as a consistent and comparable measure of risk across all risk types and geographies. It serves as an indicator of Value at Risk (VaR). BNP Paribas Fortis Funding shall report to its parent company with the relevant information to enable FBB to apply these methods on a consolidated basis.

The Board of Directors examined the annual accounts, as at 31 December 2011 of BNP Paribas Fortis Funding on 15 March 2012 and authorized their publication.

The Board of Directors of BNP Paribas Fortis Funding declares that, to its knowledge, the annual accounts at 31 December 2011 of BNP Paribas Fortis Funding established in accordance with the body of applicable accounting standards, give a faithful and honest image of the assets and liabilities, financial position and profits or losses of BNP Paribas Fortis Funding. The management report presents the evolution accurately, the results and the situation of BNP Paribas Fortis Funding and a description of the principal risks and uncertainties with which they are confronted.

No subsequent events occurred to the Company since 31 December 2011.

Strategy related to BNP Paribas Fortis Funding

The issuances that the Company is proposing to different investor types is an important element of the funding policy of Fortis Bank N.V./S.A. (the "bank").

The selling of structured notes and other types of bonds demanded by the Retail and Private Banking divisions of BGL BNP Paribas S.A. in Luxembourg and Fortis Bank N.V./S.A. in Belgium is a stable element of the funding mix of the bank. On top of this, the Company also proposes tailor made issues for institutional investors. It is in line with the BNP Paribas group organization to maintain Fortis Bank N.V./S.A. in a position of independency concerning its liquidity management. The Company, with a volume of issuances above EUR 5 billion, is an element of diversification in the funding mix of the bank. It is a stable element as the demand for this type of investments by the investors has proved to be constant over time. We also take into consideration that, for the structured notes, the use of the Company remains a practical solution to circumvent the fact that the Belgian National Bank's clearing system cannot handle structured financial products.

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Corporate Governance:

The articles of association do not provide any restriction regarding the voting rights of the shareholders and therefore said voting rights are exercised in accordance with the legal provisions in force.

Further to the articles of association, the directors shall be elected by the shareholders at a general meeting, which shall determine their number, remuneration and term of office. The term of the office of a director may not exceed six years and the directors shall hold office until their successors are elected. The directors may be re-elected for consecutive terms of office. The Company does not hold any quoted participations.

The company may, to the extent and under the terms permitted by the Law, purchase its own shares; as of today the Company does not hold any own share. As in the articles of association there is no provision regarding authorized capital, the board of directors is not allowed to issue new shares.

There is no specific provision in the articles of association regarding the possibility of amending the articles of association and therefore the articles of association can be amended according to the legal provision set for in article 67-1 of the amended Law dated August 10, 1915 on commercial companies.

There is no specific provision in the articles of association regarding the rights of controls of the shareholders and therefore the shareholders can exercise their rights of controls to the extent and within the limits provided by the relevant Luxembourg applicable legislation.

Luxembourg, 15 March 2012

For the Board of Directors:



Christian Pithsy
Chairman of the Board of Directors



Yvon-Pierre Antoni
Director



Audit report

To the Shareholders of
BNP Paribas Fortis Funding

Report on the annual accounts

We have audited the accompanying annual accounts of BNP Paribas Fortis Funding, which comprise the balance sheet as at 31 December 2011, the profit and loss account for the year then ended and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the "Réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgment of the "Réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the "Réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of BNP Paribas Fortis Funding as of 31 December 2011, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the Board of Directors, is consistent with the annual accounts.

PricewaterhouseCoopers S.à r.l.
Represented by

Luxembourg, 15 March 2012

A handwritten signature in black ink, appearing to read 'Paul Neyens', is written over a horizontal line.

Paul Neyens

BNP Paribas Fortis Funding

Balance sheet as at 31 December 2011
(in EUR)

	Notes	31.12.2011 EUR	31.12.2010 EUR
ASSETS			
<i>Fixed assets</i>			
Financial fixed assets	3		
Amounts owed by affiliated undertakings		5,261,088,495	4,519,221,976
<i>Current assets</i>			
Debtors			
Amounts owed by affiliated undertakings becoming due and payable within one year	4	126,589,356	216,368,169
Other receivables becoming due and payable within one year		43,524,449	49,819,650
		170,113,805	266,187,819
Cash at bank, cash in postal cheque accounts, cheques and cash in hand		7,876,814	4,919,110
<i>Deferred charges</i>	5	140,886,065	124,118,329
		5,579,965,179	4,914,447,234

BNP Paribas Fortis Funding

Balance sheet as at 31 December 2011
(in EUR)

	Notes	31.12.2011 EUR	31.12.2010 EUR
LIABILITIES			
<i>Equity</i>	7		
Subscribed capital	6	500,000	500,000
Reserves			
Legal reserve	7.1	50,000	50,000
Other reserves	7.2	3,726,930	3,071,430
Profit brought forward		3,137,715	31,466,358
Profit or loss for the financial year		638,908	(27,673,143)
		8,053,553	7,414,645
 <i>Subordinated debts</i>	 8	 2,119,719,386	 2,103,572,168
<i>Non-subordinated debts</i>	9		
Debenture loan			
Convertible loans			
– becoming due and payable within one year		12,130,000	991,667
– becoming due and payable after more than one year		19,771,000	33,130,000
Non-convertible loans			
– becoming due and payable within one year		931,810,523	545,061,190
– becoming due and payable after more than one year		2,316,628,945	1,980,117,580
		3,280,340,468	2,559,300,437
Tax and social security debts			
– tax debts		70,954	-
Other creditors	13		
– becoming due and payable within one year		67,503,132	156,908,173
 <i>Deferred income</i>	 5	 104,277,686	 87,251,811
		5,579,965,179	4,914,447,234

BNP Paribas Fortis Funding

Profit and loss account
for the year ended 31 December 2011
(in EUR)

	Notes	31.12.2011 EUR	31.12.2010 EUR
Charges			
Other external charges		1,410,833	1,236,060
Staff costs	17		
Salaries and wages		19,317	18,688
Social security on salaries and wages		8,974	7,201
Interest and other financial charges	10		
– concerning affiliated undertakings		69,992,992	71,514,767
– other interest and charges		189,686,052	239,961,684
		259,679,044	311,476,451
Extraordinary charges	14	-	33,482,208
Income tax	16	870,955	884,022
Other taxes not included in the previous caption		9,180	8,377
Profit for the financial year		638,908	-
		262,637,211	347,113,007
Income			
Income from financial fixed assets			
– derived from affiliated undertakings		149,938,055	171,779,872
Income from financial current assets	11		
– derived from affiliated undertakings		84,595,819	112,630,375
Other interest and other financial income	12		
– derived from affiliated undertakings		19,075,732	20,172,218
– other interest and financial income		9,027,605	10,375,486
		28,103,337	30,547,704
Extraordinary income	14	-	4,481,913
Loss for the financial year		-	27,673,143
		262,637,211	347,113,007

BNP Paribas Fortis Funding

Notes to the annual accounts
for the year ended 31 December 2011

1 General information

BNP Paribas Fortis Funding (the “Company”) was incorporated on 24 September 1986 in Luxembourg as a limited liability company (Société Anonyme) for an unlimited period under the name GENFINANCE LUXEMBOURG S.A., which was then changed to FORTIS LUXEMBOURG FINANCE S.A. on 12 November 2001 and to BNP Paribas Fortis Funding on 22 February 2010.

The registered office of the Company is established in Luxembourg. The Company’s financial year starts on 1st January and ends on 31 December each year.

The Company’s object is to provide any direct or indirect financing, by any means, to its subsidiaries, to Fortis Bank N.V./S.A. and to companies controlled by Fortis Bank N.V./S.A. and to provide to these companies any assistance, loans, advances or guarantees and/or any services for financial or administrative assistance linked to such assistance, loans, advances, guarantees, and services.

Loans are granted under the same conditions as for borrowings, setting aside an intermediation margin.

The Company may conduct any transaction that it deems necessary to accomplish and develop its object, remaining however within the limits allowed by the Law of 10 August 1915 on corporations.

The Company is included in the consolidated accounts of BNP Paribas S.A. forming the largest body of undertakings of which the Company forms a part as a subsidiary undertaking. The consolidated accounts and the consolidated management report of BNP Paribas S.A. are available at its registered office: 16 Boulevard des Italiens, 75009 Paris, France.

In addition, the Company is also included in the consolidated accounts of Fortis Bank N.V./S.A. forming the smallest body of undertakings included in the body of undertakings referred to in the above mentioned paragraph of which the Company forms part as a subsidiary undertaking. The consolidated accounts and the consolidated management report of Fortis Bank N.V./S.A. are available at its registered office located at: 3 Montagne du Parc, B-1000 Brussels.

2 Significant accounting policies

The Company prepares its annual accounts in compliance with the legal requirements and generally accepted accounting principles in the Grand Duchy of Luxembourg. The accounting principles and valuation criteria are defined and implemented by the Board of Directors, apart from those stipulated by the law.

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Notes to the annual accounts
for the year ended 31 December 2011
(continued)

2.1 Premiums on options

The Company may take hedge positions through options. Premiums on options are accounted for in deferred charges and income and are amortised prorata temporis over the life of the borrowings to which they are related.

2.2 Foreign currency translation

The subscribed capital of the Company is expressed in euros (EUR) and the annual accounts are established in the same currency.

During the financial year, the transactions, income and expenses denominated in currencies other than the EUR were recorded using the exchange applicable on the transaction date.

At the closing date, the assets and debts expressed in currencies other than EUR are valued on the basis of the exchange rates applicable on that date. Unrealized gains and losses are booked as other interest and financial income / charges in the profit and loss account.

Whenever there is a direct economic link between two transactions, accounted for in assets and liabilities respectively, and denominated in the same currency, the balance sheet entries are revalued at the closing exchange rate without impacting the profit and loss account.

2.3 Debtors

Debtors are valued at the lower of nominal or estimated net realisable value. A value adjustment is accounted for if, in the opinion of the Board of Directors, a permanent impairment in value has occurred, unless the loss is economically linked to an increase in the value of the loans.

2.4 Premiums on amounts receivable

Premiums on amounts receivable are amortised prorata temporis over the life of the receivable to which they are related.

2.5 Deferred charges

This asset item includes expenditures incurred during the financial year but relating to a subsequent financial year.

2.6 Deferred income

This liabilities item includes income received during the financial year but relating to a subsequent financial year.

2.7 Debts

Creditors are valued at the higher of nominal or repayment value.

2.8 Premiums on borrowings

Premiums on borrowings are accounted for in deferred charges and income, independently of borrowings to which they are associated and are amortised prorata temporis over the life of the borrowings to which they are related.

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2.9 Presentation of the comparative financial data

The figures for the balance sheet as at 31 December 2010 have been reclassified to ensure comparability with the figures for the balance sheet as at 31 December 2011 following the new Law of 10 December 2010 without any impact on the net profit or loss of the Company.

3 Financial fixed assets

No value adjustment has been made on financial fixed assets, following the historical cost model.

The loan structure granted to Fortis Bank N.V./S.A. the parent company is as follows:

	31.12.2011	31.12.2010
	EUR	EUR
Amounts due within less than one year	1,171,775,515	520,215,918
Amounts due over 1 year		
1 to 5 years	3,276,700,582	2,477,885,798
5 years or more	812,612,398	1,521,120,260
	<u>4,089,312,980</u>	<u>3,999,006,058</u>
Total	<u>5,261,088,495</u>	<u>4,519,221,976</u>

4 Debtors becoming due and payable within one year

The item “debtors becoming due and payable within one year” is essentially made up of loans granted to the Fortis Bank N.V./S.A. in the form of commercial papers issued under the “Euro Medium Term Notes” programme, and the interest receivable on loans granted.

5 Deferred charges and income

Deferred charges and income under assets or under liabilities in the balance sheet primarily includes the option premiums paid and received, the commissions payable or receivable during the issuance of certain borrowings and the premiums connected to the issuance of certain borrowings, less accumulated amortisation over the expected useful life of the related borrowings.

6 Subscribed capital

As at 31 December 2011, the issued and fully paid-up share capital of the Company amounts to EUR 500,000 consisting of 20,000 registered shares each having a nominal value of EUR 25.

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7 Equity

The movements for the year are as follows:

	Legal reserve EUR	Special reserve EUR	Profit brought forward EUR
Balance as at 31 December 2010	50,000	3,071,430	31,466,358
Loss for year ended 2010	-	-	(27,673,143)
Transfer of the 2005 special reserve to profit brought forward	-	(309,175)	309,175
Allocation to the special reserve related to the wealth tax	-	964,675	(964,675)
Balance as at 31 December 2011	<u>50,000</u>	<u>3,726,930</u>	<u>3,137,715</u>

7.1 Legal reserve

The Company is required to allocate a minimum of 5% of its annual net income to a legal reserve, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

7.2 Other reserves

As at 31 December 2011, the Company reduced its Net Wealth Tax Liability in accordance with paragraph 8a of the Luxembourg Net Wealth Tax Law. The Company allocates under non-distributable reserves an amount that corresponds to five times the amount of reduction of the Net Wealth Tax. This reserve is non-distributable for a period of five years from the year following that during which the Net Wealth Tax was reduced.

8 Subordinated debts

Amounts due and payable for the accounts shown under "Subordinated debts" are as follows:

	31.12.2011 EUR	31.12.2010 EUR
Within one year	332,822,815	52,881,134
After one year and within five years	1,344,357,448	1,113,103,664
More than five years	<u>442,539,123</u>	<u>937,587,370</u>
	<u>2,119,719,386</u>	<u>2,103,572,168</u>

This item also includes the accrued interest payable as at 31 December 2011 that amounts to EUR 59,204,144 (EUR 52,881,134 as at 31 December 2010).

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for the year ended 31 December 2011
(continued)

9 Non-subordinated debts

Amounts due and payable for the accounts shown under “Non-subordinated debts” are as follows:

Convertible debenture loans	31.12.2011	31.12.2010
	EUR	EUR
Within one year	12,130,000	991,667
After one year and within five years	<u>19,771,000</u>	<u>33,130,000</u>
	<u>31,901,000</u>	<u>34,121,667</u>
Non-convertible debenture loans	31.12.2011	31.12.2010
	EUR	EUR
Within one year	931,810,523	545,061,190
After one year and within five years	1,943,509,258	1,361,587,551
After more than five years	<u>373,119,687</u>	<u>618,530,029</u>
	<u>3,248,439,468</u>	<u>2,525,178,770</u>

This item also includes the accrued interest payable as at 31 December 2011 that amounts to EUR 42,327,341 (EUR 52,886,135 as at 31 December 2010).

10 Interest and other financial charges

Interest and other financial charges are composed of the following items:

	31.12.2011	31.12.2010
	EUR	EUR
Interest on borrowings, commercial papers, interest rate swaps, currency rate swaps, floors	230,920,813	280,291,146
Option premiums paid	14,057,521	14,428,180
Amortisation of syndicate commissions and issuing fees	12,960,091	15,034,691
Amortisation of upfront fees paid on Interest Rate Swaps	19,799	1,605,839
Other ¹	<u>1,720,820</u>	<u>116,595</u>
	<u>259,679,044</u>	<u>311,476,451</u>

Interest and other financial charges with affiliated undertakings amount to EUR 69,992,992 as at 31 December 2011 (2010: EUR 71,514,767).

¹ “Other” includes losses on anticipated closing of “Euro Medium Term Notes” and related derivatives for EUR 1,576,551 (2010: nil).

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for the year ended 31 December 2011
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11 Income from financial current assets

Income from financial current assets are composed of the following items:

	31.12.2011 EUR	31.12.2010 EUR
Interest and premiums on derivatives	82,351,112	110,932,753
Interest on commercial papers	2,244,707	1,697,622
	<u>84,595,819</u>	<u>112,630,375</u>

12 Other interest and other financial income

Other interest and other financial income are composed of the following items:

	31.12.2011 EUR	31.12.2010 EUR
Amortisation of premiums on borrowings	23,361,370	25,361,251
Amortisation of option premiums received	3,098,960	5,046,809
Interest on bank accounts	41,559	57,325
Other ²	1,601,448	82,319
	<u>28,103,337</u>	<u>30,547,704</u>

Other interest and other financial income from affiliated undertakings amount to EUR 19,075,732 as at 31 December 2011 (2010: EUR 20,172,218).

13 Other creditors

As at 31 December 2011 and 31 December 2010, the item "other creditors" was essentially made up of commercial papers, interest payable on commercial paper, on interest rate swap contracts and other contracts on derivative products related to certain borrowings, tax payable and commissions payable.

14 Extraordinary charges and income

In 2010, the Company recognised extraordinary charges and income in connection with the change of accounting principles applied to the amortisation of option premiums (see note 2.1). As at 31 December 2010, these extraordinary charges and income are exclusively related to the amortisation from prior periods of option premiums relating to the issues outstanding as at 31 December 2009.

² "Other" includes gains on anticipated closing of "Euro Medium Term Notes" and related derivatives for EUR 1,576,551 (2010: nil).

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15 Advances and loans granted to the members of the management and supervisory bodies

The Company has not granted any advances or loans to members of administrative or supervisory bodies in the year ended 31 December 2011.

16 Tax position

The Company is subject to Luxembourg tax laws.

17 Staff

As at 31 December 2010 and 2011, the Company employed one person on a part time basis.

18 Derivative financial instruments

The Company uses various derivative instruments contracted with Fortis Bank N.V./S.A. and BNP Paribas Arbitrage S.N.C. for hedging purposes as part of its bond issuing and financing activities to hedge against potential market, foreign exchange or interest rate risk.

The fair value and the nominal of these derivatives financial instruments are as follows:

	31.12.2011 Fair value EUR	31.12.2011 Nominal EUR	31.12.2010 Fair value EUR	31.12.2010 Nominal EUR
Interest Rate Swap	40,659,662	1,711,239,745	(90,360,556)	2,630,558,566
Equity Swap	(67,568,895)	1,191,683,980	-	-
Cross Currency Interest Rate Swap	27,064,499	749,952,029	3,057,611	318,391,890
Equity Option	1,059	3,522,000	(160,226,376)	1,229,707,750
Currency Option	(9,059)	2,450,000	(58,479)	2,419,523
Energy Option	-	-	-	12,600,000
Swaption	(883,590)	25,988,000	(254,941)	25,988,000
Credit Default Swap	(66,955,494)	394,035,411	(56,437,409)	413,341,798
Cap/Floor	35,704	276,577,645	48,900	272,468,818

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(continued)

19 Related parties transactions

During the financial year 2011, the following significant transactions entered into with related parties have been done at arm's length:

	Fortis Bank N.V./S.A. EUR	Other companies of the group BNP Paribas EUR
Assets		
Financial fixed assets	5,261,088,495	-
Current assets - Debtors	126,585,470	3,886
Current assets - Other receivables	43,524,449	-
Current assets - Cash at bank	-	7,876,814
Deferred charges	40,748,141	-
Liabilities		
Other creditors	8,231,927	3,636,099
Deferred income	42,910,556	222,584
Charges		
Interest and other financial charges	56,223,355	13,769,637
Income		
Income from financial fixed assets	149,938,055	-
Income from financial current assets	68,630,833	15,964,986
Other interest and financial income	19,034,173	41,559

20 Auditor's fees

The total auditor's fees, V.A.T. included, are presented as follows:

	31.12.2011 EUR	31.12.2010 EUR
Audit fees	41,096	40,432
Audit related fees	35,172	34,638
Other fees	27,819	32,419
Total	104,087	107,489

