Prospectus

FORTIS FINANCE N.V.

(Incorporated with limited liability in The Netherlands
with corporate seat in Utrecht)

Jointly and Severally Guaranteed by

FORTIS SA/NV

(Incorporated with limited liability in Belgium)
and

FORTIS N.V.

(Incorporated with limited liability in The Netherlands
with corporate seat in Utrecht)

minimum EUR 10,000,000 and maximum EUR 100,000,000

3 % Inflation Linked Notes 2003 due 22 December 2015

Capital Guaranteed

Public Offering in Belgium

Subscription period: from 21 November 2003 to 15 December 2003
save in case of early termination due to oversubscription
Issue Price: 102 %
Issue date: 22 December 2003
Application has been made to list the Notes
on Euronext Brussels

Fortis Bank

This Prospectus is dated 21 November 2003

In deze samenvatting heeft Fortis Bank de voornaamste karakteristieken van de verrichting opgenomen. Fortis Bank verklaart verantwoordelijk te zijn voor deze samenvatting. Een volledige beschrijving van de kenmerken van de *Inflation Linked Notes*, van de *Inflation Index* en van de Emittent en de Garant kan teruggevonden worden in de *Offering Circular*. Enkel de *Offering Circular* heeft bewijskracht. De samenhang tussen de samenvattingen werd geverifieerd door Fortis Bank, die er de verantwoordelijkheid voor neemt.

Kenmerken van de verrichting

Emittent *(Issuer)*	:	Fortis Finance N.V.
Garanten *(Guarantors)*	:	Fortis SA/NV & Fortis N.V.
Bedrag *(Principal Amount)*	:	Minimum EUR 10.000.000 tot maximum EUR 100.000.000
Vorm *(Denomination)*	:	Toondereffecten van EUR 1.000, EUR 10.000 en EUR 100.000
Rente *(Interest)*	:	3 % per jaar
Uitgiftedatum *(Issue Date)*	:	22 december 2003
Eindvervaldag *(Maturity Date)*	:	22 december 2015
Uitgifteprijs *(Issue Price)*	:	102%
Coupon	:	Betaalbaar na vervallen termijn op 22 december van elk jaar vanaf 22 december 2004 tot en met 22 december 2015
Statuut van de effecten *(Status of the Notes)*	:	De effecten vormen een gewone niet-achtergestelde schuld van de Emittent. Deze is *pari passu* geklasseerd in dezelfde rang als alle andere niet-achtergestelde huidige en toekomstige schulden van de Emittent.
Notering *(Listing)*	:	Euronext Brussel (effectieve notering vanaf de materiëlelevering van de *Inflation Linked Notes*)
Financiële dienst	:	België : Fortis Bank
Vervroegde terugbetaling	:	Niet toegelaten
Inschrijvingsperiode	:	Van 21 november tot 15 december 2003, vervroegde afsluiting mogelijk. De eventuele vervroegde afsluiting zal aangekondigd worden in de pers.
Betaaldatum	:	22 december 2003
Codes	:	ISIN : XS0181100834 SRW 228297/56
Levering van de *Inflation Linked Notes*	:	Binnen de 6 maanden volgend op de betaaldatum

Terugbetaling *(Redemption)*	:	De terugbetaling op de eindvervaldag zal gebeuren in functie van de evolutie van de gemiddelde index van consumtieprijzen tabak uitgezonderd, in de euro-zone (de « *Inflation Index* » of « HICP »). Euro-zone : België, Duitsland, Griekenland (sinds januari 2001), Spanje, Frankrijk, Ierland, Italië, Luxemburg, Nederland, Oostenrijk, Portugal en Finland. De *Inflation Index* wordt berekend en gepubliceerd door Eurostat, het europese bureau voor statistiek, opgericht in 1953. Het terugbetalingsbedrag op de eindvervaldag zal volgens volgende formule berekend worden : [Nominal bedrag van de coupure x evolutie van de *Inflation Index*] Evolutie van de *Inflation Index* : $\left[Max \left\{ \left(\frac{Inflationref_{EndDate}}{Inflationref_{StartDate}} \right), 1 \right\} \right]$ Waarbij: - $Inflationref_{EndDate}$ de *Inflation Index* van september 2015 - $Inflationref_{StartDate}$de *Inflation Index* van september 2003 Voor deze berekening wordt enkel rekening gehouden met de **eerste** publicatie van de *Inflation Index* van de maand september, gepubliceerd rond de 16-18 van de maand october. Met latere herzieningen wordt geen rekening gehouden. De terugbetalingsprijs zal minimum 100% van het nominaal bedrag zijn (kapitaalsgarantie). De terugbetalingsprijs zal bepaald worden door Fortis Bank als berekeningsagent en zal worden bekendgemaakt in de pers voor 22 december 2015.
Toepasselijk recht	:	Belgisch
Rechtbanken	:	België (Brussel)
Kosten	:	- Taks op beursverrichtingen bij de inschrijving: geen; - Taks op beursverrichtingen bij verkoop/aankoop: 0,07% (maximum EUR 250); - Kosten van de fysieke levering: ten laste van de inschrijver; (EUR 20 + BTW per levering, bij Fortis Bank) - Taks op fysieke levering ingevolge de inschrijving: 0,2%; de programmawet van 5 augustus 2003 (Staatsblad 7 augustus 2003) voorziet een verhoging van deze taks tot 0,4%. De inwerkingtreding hangt evenwel af van een Koninklijk Besluit. - Leveringskosten van de op de effectenrekening: ten laste van de inschrijver; (gratis bij Fortis Bank) - Financiële dienst: gratis bij de betaalkantoren (zie hierboven).
Mededelingen	:	Alle mededelingen aan de houders van de *Inflation Linked Notes* zullen gepubliceerd worden in de Belgische financiële pers (De Tijd en L'Echo) binnen de 7 dagen na elk feit dat een publicatie noodzaakt.
De Emittent	:	Fortis Finance N.V. is een indirecte dochtervennootschap van Fortis SA/NV en

Fortis N.V. met als doel Fortis Groep bij te staan in haar financieringsbehoeften.

De Garanten : Fortis is een internationale financiële dienstverlener op het terrein van bankieren, verzekeren en beleggen. Met een marktkapitalisatie van EUR 20 miljard en circa 68.000 medewerkers behoort zij tot de 20 grootste financiële instellingen van Europa. Per 30 juni 2003 was het balanstotaal van Fortis EUR 501 miljard.

In haar thuismarkt, de Benelux, neemt Fortis een toonaangevende positie in met een breed pakket financiële diensten voor particulieren, bedrijven en publieke instellingen. Buiten haar thuismarkt richt Fortis zich op geselecteerde marktsegmenten.

Duurzame economische groei en oog voor de kwaliteit van milieu en maatschappij zijn belangrijke randvoorwaarden voor de wijze waarop Fortis opereert. Door haar betrokkenheid bij het welzijn van haar miljoenen klanten, is Fortis stevig geworteld in de lokale samenleving. Door kennis en ervaring te combineren met mondiale kracht is Fortis in staat om haar klanten wereldwijd te ondersteunen in een permanent proces van persoonlijke, maatschappelijke en commerciële groei.

De *Inflation Index* : De geharmoniseerde index van de consumptieprijzen (HICP) van de euro zone, gepubliceerd door Eurostat, meet het niveau van de prijzen van de handelsgoederen en diensten verbruikt door de huishoudens in de euro zone. De HICP van de euro zone is de optelling van de HICP van de lidstaten ; De euro zone wordt als een geheel genomen ongeacht de samenstelling.
Het gewicht van de produkten en de landen in de HICP wordt elk jaar herzien.
Dit laat eveneens toe om de toetreding van nieuwe landen te verwerken, zoals het in 2001 het geval was voor Griekenland. In geval van toetreding van een nieuw lid in het jaar N wordt dit in de HICP van de euro zone verwerkt in januari van het jaar N. Zijn gewicht wordt opgenomen bij de jaarlijkse herponderatie van de HICP. De uitbreiding van de euro zone zal op geen enkele manier de indexering hinderen.
Het gewicht van een land van de euro zone, voor het jaar N, in de HICP van de euro zone is gelijk aan het gedeelte van de uiteindelijke consumptie van de huishoudens van dat land in het geheel van de euro zone gedurende het jaar N-2. Deze gewichten worden elk jaar geherwaardeerd bij de publicatie van de HICP euro zone van januari.

Gewicht van de landen in de HICP euro-zone :

-België	3,40
-Duitsland	30,579
-Finland	1,596
-Frankrijk	20,426
-Griekenland	2,47
-Ierland	1,254
-Italië	19,232
-Luxemburg	0,256
-Nederland	5,203
-Oostenrijk	3,187
-Portugal	2,046
-Spanje	10,351
TOTAAL	100,00

De HICP wordt geharmoniseerd genoemd omdat de methodologie en de benamingen van de prijzenindex dezelfde zijn voor alle landen van de euro zone en van de Europese Unie (zoals vereist onder artikel 121 van het Verdrag van de Europese Unie). Dit maakt vergelijkingen mogelijk van inflatie binnen de Europese Unie. De nadruk wordt gelegd op de kwaliteit en de vergelijkbaarheid van de indexen van de verscheidene landen.

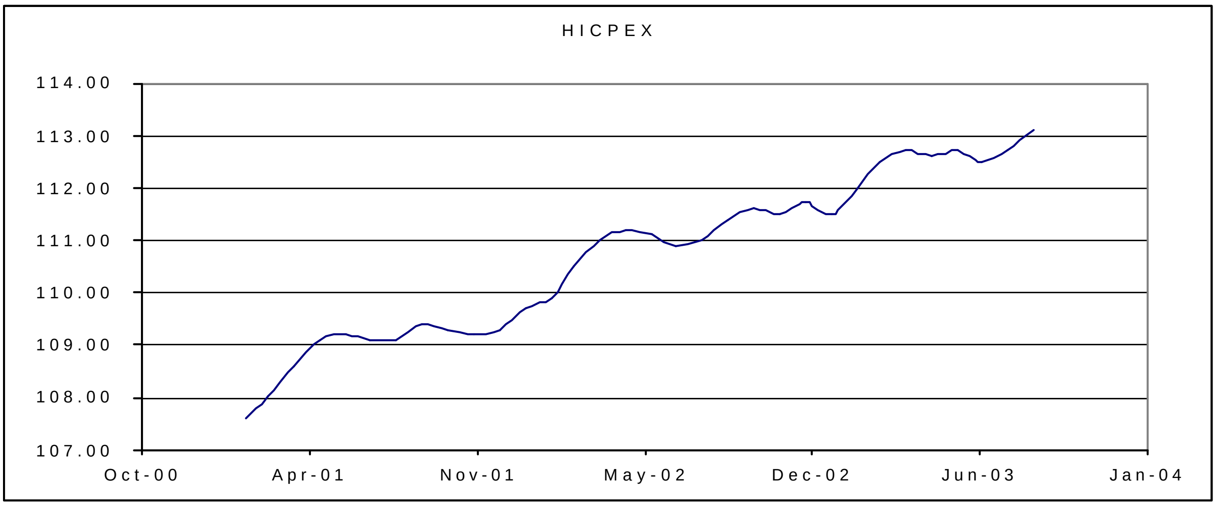
De HICP dekt bijna het geheel van het goederenverbruik van de huishoudens van de euro zone (99,1 % van de theoretische dekking).

Publicatietijdstip :

De geharmoniseerde index van de consumptieprijzen tabak uitgezonderd wordt maandelijks gepubliceerd door Eurostat, volgens een vooraf officieel bepaalde kalender. In het algemeen gebeurt de publicatie rond de 16-18 van de volgende maand (bvb. De HICP van maart wordt rond 16-18 april gepubliceerd). Een eventuele herziening wordt gepubliceerd tegelijk met de HICP van de volgende maand.
Voor de *Inflation Linked Notes* wordt enkel rekening gehouden met de eerste publicatie van de HICP tabak uitgezonderd, van de maand M, gepubliceerd rond de 16-18 van de maand M+1.

De waarde van de *HICP* kan verkregen worden op de volgende website : http://europa.eu.int/comm/eurostat/Public/datashop/print-product/EN?catalogue=Eurostat&product=1-pr042idx-EN&mode=download.

Inlichtingen over de waarde van de *Inflation Index* en de koers van de *Inflation Linked Notes* gedurende de looptijd van de lening kunnen in de kantoren van Fortis Bank worden verkregen.
De onderstaande grafiek toont de evolutie van de *Inflation Index* voor de periode van januari 2001 tot oktober 2003. In september 2003 bedroeg de *Inflation Index* 113,10



Simulatie op de vervaldag : De onderstaande tabel geeft de theoretische rendementen voor de belegger in functie van de waarde van de *Inflation Index* op de vervaldatum.
De rendementen zijn bruto actuariële rendementen berekend op basis van de rentevoet, de volledige looptijd, de uitgifteprijs en de terugbetalingsprijs.

Gemiddelde jaarlijkse inflatie 2003/2015	Terugbetalingsprijs	Bruto rendement investeerder
-2%	100%	2,80%
-1%	100%	2,80%
0%	100%	2,80%
1%	112,68%	3,65%
2%	126,82%	4,51%
3%	142,58%	5,39%
4%	160,10%	6,27%

Secundaire markt : Fortis Bank is *market maker* voor deze uitgifte en garandeert, onder normale marktomstandigheden, een maximale *spread* van 3% tot de vervaldatum van de *Inflation Linked Notes*.

Algemene Informatie

De Raad van bestuur van de Emittent heeft op 4 november 2003 beslist deze schuldinstrumenten uit te geven. De beslissing inzake de garantie werd door de Raad van bestuur van elke Garant genomen op 24 September 2003.
De netto opbrengst van deze uitgifte zal door de Emittent gebruikt worden voor de financieringsbehoeften van de Fortis groep.

Het volledige bedrag van de uitgifte van de *Inflation Linked Notes* zal worden onderschreven door de banken vermeld op de eerste pagina van de *Offering Circular*, op basis van een *Underwriting Agreement*.

De Emittent betaalt aan de voornoemde banken een commissie van 2% van het uitgiftebedrag van *de Inflation Linked Notes* alsook een bedrag dat de wettelijke, administratieve en diverse kosten dekt.

Het Prospectus (de *Offering Circular* en de samenvattingen van de *Offering Circular*) kan verkregen worden bij Fortis Bank, Warandeberg 3, 1000 Brussel, evenals op het telefoonnummer 02/565 6861 en op de website: www.fortisbank.be/beleggen . De belegger kan op het zelfde adres ook gratis een kopie bekomen van de laatste jaarrekeningen van de Emittent en van de laatste jaarrekeningen en interim rekeningen van de Garanten.

Het *Fiscal Agency Agreement*, de tekst van de garantie-overeenkomst en de statuten van de Emittent en de Garanten kunnen op hetzelfde adres geraadpleegd worden.

De *Inflation Linked Notes* werden aanvaard in de liquidatiesystemen van Clearstream en Euroclear onder de *Common Code* 18110083 en de ISIN Code XS0181100834.

Fiscaal Regime

Alle betalingen in verband met deze *Inflation Linked Notes* zullen in elk geval onderworpen zijn aan de fiscale wetten of andere wetten of reglementen van kracht in het land waar de betalingen gebeuren.

Belgisch fiscaal regime betreffende de schuldinstrumenten:
Voor de toepassing van de Belgische inkomstenbelasting zijn de schuldinstrumenten als vastrentende effecten te beschouwen (artikel 2 § 4 WIB/92).

Fiscaal regime voor natuurlijke personen die Belgisch rijksinwoner zijn.
Uitgenomen in het uitzonderlijk geval van natuurlijke personen die hun schuldinstrumenten hebben aangewend voor hun beroepsactiviteit is de fiscale behandeling van de interesten betaald aan natuurlijke personen die Belgische rijksinwoners zijn, de volgende:
Op de inkomsten uit buitenlandse schuldinstrumenten die worden geïnd door tussenkomst van een in België gevestigde professionele tussenpersoon (bvb. financiële instelling) zal 15% roerende voorheffing worden ingehouden. De inhouding van de roerende voorheffing is bevrijdend in hoofde van de particuliere beleggers. Dit betekent dat de belastingplichtigen er niet zullen toe gehouden zijn in hun belastingaangifte melding te maken van inkomsten uit effecten van Belgische of buitenlandse schuldvorderingen die ze hebben verkregen, voor zover op deze inkomsten roerende voorheffing werd geheven (artikel 313 W.I.B./92).
Indien de interesten niet onderworpen zijn geweest aan de inhouding van roerende voorheffing, dan is de belastingplichtige natuurlijke persoon ertoe gehouden ze aan te geven in zijn belastingaangifte in de personenbelasting. In dit geval zijn de interesten onderworpen aan het afzonderlijk tarief van 15% verhoogd met gemeentelijke opcentiemen.
Meerwaarden verwezenlijkt op de verkoop van effecten voor vervaldag zijn (buiten de reeds verlopen interesten) in principe niet belastbaar, tenzij bij terugkoop door de Emittent. In dit geval, evenals op de eindvervaldag, worden de meerwaarden belastbaar als interesten. De minderwaarden zijn in geen geval fiscaal aftrekbaar.

Fiscaal regime van toepassing op vennootschappen.
In hoofde van de belastingplichtigen die onderworpen zijn aan de vennootschapsbelasting maken de inkomsten uit buitenlandse schuldinstrumenten, die als beroepsinkomsten worden aangemerkt, deel uit van hun belastbare basis.
Het feit dat deze inkomsten in hun hoofde als beroepsinkomsten worden beschouwd heeft echter geen invloed op de toepassing van de roerende voorheffing. Inderdaad, artikel 37 W.I.B./92 bepaalt dat "onverminderd de toepassing van de voorheffingen, worden inkomsten van roerende goederen en kapitalen als beroepsinkomsten aangemerkt wanneer die goederen en kapitalen worden gebruikt voor het uitoefenen van de beroepswerkzaamheid van de verkrijger van de inkomsten". In hoofde van deze belastingplichtigen heeft de roerende voorheffing haar ware aard van op de vennootschapsbelasting aan te rekenen voorschot behouden. De roerende voorheffing is slechts verrekenbaar in

verhouding tot het tijdperk waarin de vennootschap de volle eigendom van de effecten heeft gehad (artikel 280 W.I.B./92).
In geval van inning in België kan de vennootschap die in België verblijf houdt, mits voorlegging van een identificatiebewijs *ad hoc*, een vrijstelling van roerende voorheffing bekomen (artikel 108 K.B./W.I.B. 92).
In geval van vervreemding op de secundaire markt zijn de meerwaarden belastbaar, terwijl de minderwaarden aftrekbaar zijn.

Fiscaal regime van toepassing op niet-verblijfhouders.
De inkomsten uit buitenlandse schuldinstrumenten die werden geïnd door tussenkomst van een in België gevestigde tussenpersoon (bvb. financiële instelling) zijn onderworpen aan een heffing van roerende voorheffing ten belope van 15%.
In geval van inning in België kunnen de niet-verblijfhoudende spaarders, mits voorlegging van een identificatiebewijs *ad hoc*, een vrijstelling van roerende voorheffing bekomen Deze vrijstelling zal slechts kunnen worden bekomen indien de schuldinstrumenten niet voor het uitoefenen van een beroepswerkzaamheid in België worden aangewend (artikel 230 WIB 92).
De niet-verblijfhouders die de schuldinstrumenten aanwenden voor het uitoefenen van een beroepswerkzaamheid in België (bvb. onder de vorm van een vaste inrichting), zijn onderworpen aan dezelfde regels als de Belgische binnenlandse vennootschappen (artikel 280 WIB./92 en artikel 108 KB/WIB.92).

In geval van implementatie van de Europese richtlijn op het spaarwezen (N° 2003/48/EG van 3 juni 2003 (OJ – L 157)), zal België maatregelen invoeren om vanaf 2005 een bronbelasting van 15% (tarief dat geleidelijk oploopt tot 20% en 35%) in te houden op de rentebetalingen aan natuurlijke personen woonachtig in de Europese Unie maar niet woonachtig in België. In dat geval zal België tevens een procedure van niet-toepassing van deze belasting moeten invoeren die zal toegepast worden als de lidstaat waar de gerechtigde woonachtig is op de hoogte is van zijn identiteit, van het bedrag van de rentebetalingen, enz.

Fiscaal regime van toepassing op de belastingplichtigen onderworpen aan de rechtspersonenbelasting.
Wat betreft de belastingplichtigen onderworpen aan de rechtspersonenbelasting, t.t.z. verenigingen, inrichtingen van instellingen die rechtspersoonlijkheid bezitten maar die geen onderneming exploiteren of zich niet met verrichtingen van winstgevende aard bezighouden, is de roerende voorheffing een definitieve belasting. Dit betekent dat de roerende voorheffing van 15% die wordt ingehouden op de interesten van de schuldinstrumenten die ze in België innen in hun hoofde de enige belasting is met betrekking tot deze inkomsten.
De belastingplichtigen onderworpen aan de rechtspersonenbelasting die de interesten van de schuldinstrumenten in het buitenland innen zonder de tussenkomst van een in België gevestigde tussenpersoon zijn zelf gehouden tot voldoening van de roerende voorheffing. Meerwaarden verwezenlijkt op de verkoop van effecten voor vervaldag zijn (buiten de reeds verlopen interesten) niet belastbaar, tenzij bij terugkoop door de Emittent. In dit geval, evenals op de eindvervaldag worden de meerwaarden belastbaar als interesten. De minderwaarden zijn in geen geval fiscaal aftrekbaar.

Bovenstaande beschrijving is een samenvatting van de huidige belastingwetgeving en kan dus in de tijd veranderen. Raadpleeg uw financiële en fiscale adviseur ingeval van twijfel.

Fortis Banque a repris dans le présent résumé les principales caractéristiques de l'opération. Fortis Banque prend la responsabilité de ce résumé. Une description complète des termes et conditions des *Inflation Linked Notes* , de l'*Inflation Index*, de l'Emetteur et des Garants se trouve dans le *Offering Circular.* C'est l' *Offering Circular* qui fait foi. La concordance entre les résumés a été vérifiée par Fortis Banque qui en prend la responsabilité.

Caractéristiques de l'opération

Emetteur (*Issuer*)	:	Fortis Finance N.V.
Garants(*Guarantors*)	:	Fortis SA/NV & Fortis N.V.
Montant (*Principal Amount*)	:	Minimum EUR 10.000.000 et maximum EUR 100.000.000
Forme (*Denomination*)	:	Titres au porteur de EUR 1.000, EUR 10.000 et EUR 100.000
Taux (*Interest*)	:	3 % par an
Date d'émission (*Issue Date*)	:	22 décembre 2003
Echéance finale *(Maturity Date)*	:	22 décembre 2015
Prix d'émission (*Issue price*)	:	102%
Coupons	:	Payables à terme échu le 22 décembre de chaque année du 22 décembre 2004 au 22 décembre 2015.
Statut des titres *(Status of the Notes)*	:	Les titres constituent une dette ordinaire non subordonnée de l'Emetteur. Elle est classée *pari passu* au même rang que toutes les autres dettes non-subordonnées présentes et futures de l'Emetteur.
Cotation (*Listing*)	:	Euronext Bruxelles (cotation effective dès la livraison physique des *Inflation Linked Notes*)
Service financier	:	Belgique : Fortis Banque
Remboursement anticipé	:	Non autorisé
Période de souscription	:	Du 21 novembre 2003 au 15 décembre 2003, clôture anticipée possible. La clôture anticipée éventuelle sera annoncée dans la presse.
Date de paiement	:	22 décembre 2003
Codes	:	ISIN : XS0181100834 SVM 228297/56
Livraison des *Inflation Linked Notes*	:	Dans les six mois suivant la date de paiement
Remboursement du principal (*Redemption*)	:	Le remboursement à l'échéance se fera en fonction de l'évolution de l'indice moyen des prix à la consommation hors tabac dans l'euro-zone (« *Inflation Index* » ou « HICP » ou en français « IPCH »).

Euro-zone : Belgique, Allemagne, Grèce (depuis janvier 2001), Espagne, France, Irlande, Italie, Luxembourg, Pays-Bas, Autriche, Portugal et Finlande.

L'*IPCH* est calculé et publié par EUROSTAT, l'office statistique européen crée en 1953.

Le montant à rembourser à l'échéance sera calculé selon la formule suivante :
[Montant nominal de la coupure x Evolution de l'*Inflation Index*]

Evolution de l'*Inflation Index* :

$$\left[Max\left\{ \left(\frac{Inflationref_{EndDate}}{Inflationref_{StartDate}} \right), 1 \right\} \right]$$

Où:

- $Inflationref_{EndDate}$ est l'*Inflation Index* en septembre 2015
- $Inflationref_{StartDate}$ est l'*Inflation Index* en septembre 2003

Pour ce calcul, seule compte la **première** publication de l'*Inflation Index* du mois de septembre, publiée autour du 16-18 du mois d'octobre. Révisions ultérieures ne seront pas prises en compte.

		Le montant à rembourser sera de minimum 100% du montant nominal (garantie sur le capital investi) Le montant à rembourser sera déterminé par Fortis Banque agissant comme agent de calcul. Le montant remboursé à l'échéance sera publié dans la presse avant le 22 décembre 2015.
Droit applicable	:	Belge
Tribunaux	:	Belgique (Bruxelles)
Frais	:	- Taxe sur opérations de bourse à la souscription: néant ; - Taxe sur opérations de bourse à la vente/achat: 0,07%(maximum EUR 250) ; - Frais de livraison physique: à charge des souscripteurs; (EUR 20 + TVA par livraison, chez Fortis Banque) - Taxe sur livraison physique: 0,2% ; La loi programme du 5 août 2003, (M.B. 7 août, 2003) a prévu une augmentation de cette taxe résultant en une taxation de 0.4 % au lieu de 0.2 %. Cependant, la date de l'entrée en vigueur dépend d'un Arrêté Royal. Frais de livraison des Inflation Linked Notes sur compte titre: à charge des souscripteurs; (gratuit chez Fortis Banque) - Service financier: gratuit auprès des agents payeurs (cfr supra).
Avis	:	Tous les avis aux détenteurs des *Inflation Linked Notes* seront publiés dans la presse financière belge (L'Echo et De Tijd) endéans les 7 jours après la survenance d'un fait qui nécessite une publication.
L'Emetteur	:	Fortis Finance N.V. est une filiale indirecte de Fortis SA/NV et de Fortis N.V., ayant pour objectif principal de contribuer au financement de Fortis Groupe.
Les Garants	:	Fortis est un prestataire international de services financiers spécialisé dans les domaines de la banque, de l'assurance et des placements. Avec une capitalisation boursière d'EUR 20 milliards et quelque 68.000 collaborateurs, Fortis se range parmi les 20 institutions financières les plus importantes d'Europe. Au 30 juin 2003, le total bilantaire de Fortis s'élevait à EUR 501 milliards. Sur son marché domestique, le Benelux, Fortis occupe une place de leader et offre une large gamme de services financiers aux particuliers, aux entreprises et aux institutions publiques. En dehors du Benelux, Fortis met l'accent sur des segments de marché spécifiques. Croissance économique durable et attention particulière pour la qualité de l'environnement et de la société, sont les maîtres mots sur lesquels s'appuie Fortis. Par son engagement pour le bien-être de ses millions de clients, Fortis est solidement enraciné dans la société. En alliant ses compétences et son expérience à sa présence sur la scène internationale, Fortis est en mesure d'apporter son soutien aux clients à l'échelle mondiale, tout en accordant une attention permanente au développement des personnes, de la société et des activités commerciales.
L'*Inflation Index*	:	L'indice des prix à la consommation harmonisé (IPCH)de la zone euro, publié par Eurostat, mesure le niveau des prix des biens et services marchands consommés par les ménages dans la zone euro. L'IPCH de la zone euro est l'agrégation des IPCH des pays membres ; la zone euro est considérée comme une entité sans égard à sa composition. Dans l'IPCH les poids des pays et des produits sont actualisés chaque année. Ceci permet aussi d'intégrer l'entrée de nouveaux pays sans difficulté, comme ce fut le cas pour la Grèce en janvier 2001. En cas d'intégration d'un nouvel entrant dans l'année N, il est inclus dans l'IPCH de la zone euro à partir du mois de janvier N. Son poids est inclus lors de la re-pondération annuelle de l'IPCH. L'expansion de la zone euro ne gênera en aucune manière l'indexation. Le poids d'un pays dans la zone euro, lors de l'année N, dans l'IPCH zone euro est

égal à la part de la consommation finale marchande des ménages de ce pays dans celle de l'ensemble de la zone euro lors de l'année N-2. Ces poids sont réévalués chaque année, avec la publication de l'IPCH zone euro de janvier.

Poids des pays dans l'IPCH euro-zone :

-Allemagne	30,579
-Autriche	3,187
-Belgique	3,40
-Espagne	10,351
-Finlande	1,596
-France	20,426
-Grèce	2,47
-Irlande	1,254
-Italie	19,232
-Luxembourg	0,256
-Pays-Bas	5,203
-Portugal	2,046
TOTAL	100,00

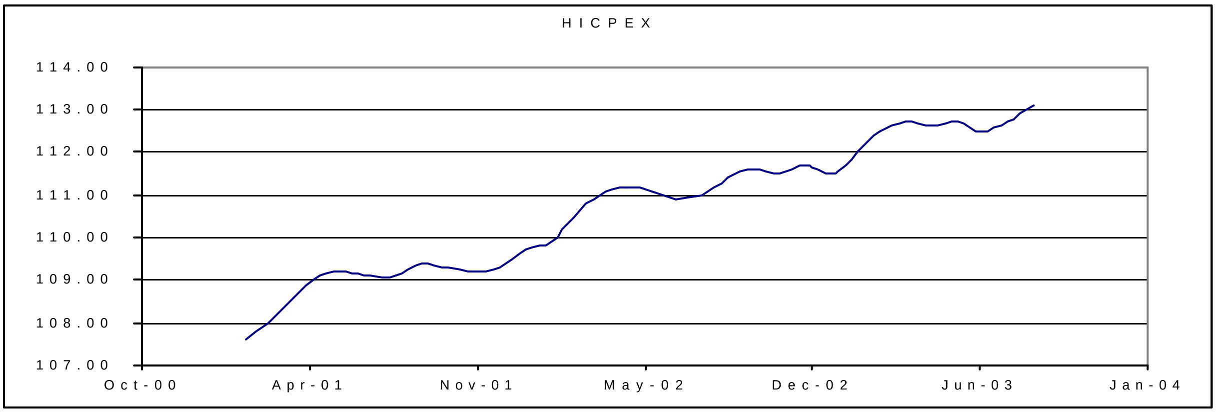
L'IPCH est dit harmonisé, car la méthodologie et les nomenclatures de l'indice des prix sont les mêmes pour tous les pays de la zone euro et de l'Union Européenne (comme requis par l'article 121 du Traité de l'Union Européenne). Ceci rend possible les comparaisons d'inflation à l'intérieur de l'Union Européenne. L'accent est mis sur la qualité et la comparabilité des indices des différents pays.

• L'IPCH couvre la presque totalité de la consommation marchande des ménages de la zone euro (99,1 % de la couverture théorique).

Dates de publication :
L'indice des prix à la consommation harmonisé hors tabac est publié tous les mois par Eurostat, selon un calendrier officiel arrêté à l'avance. La publication intervient en général autour du 16-18 du mois suivant (par exemple l'IPCH de mars est publié autour du 16-18 avril). En cas de révision, celle-ci est publiée avec l'IPCH du mois suivant.
Pour les *Inflation Linked Notes*, seule compte la première publication de l'IPCH hors tabac du mois M, publiée autour du 16-18 du mois M+1.

La valeur de l'*Inflation Index* peut être obtenus dans les agences de Fortis Banque ainsi que via le site internet suivant:
http://europa.eu.int/comm/eurostat/Public/datashop/print-product/EN?catalogue=Eurostat&product=1-pr042idx-EN&mode=download.

Des informations sur la valeur de l'*Inflation Index* et le cours des *Inflation Linked Notes* pendant la durée de l'emprunt peuvent être obtenus dans les agences de Fortis Banque. Le graphique ci-dessous montre l'évolution de l'*Inflation Index* entre le janvier 2001 et octobre 2003.
En septembre 2003, l'*Inflation Index* était de 113,10.



Simulations à l'échéance : Le tableau ci-dessous montre l'évolution théorique du rendement de l'investisseur en fonction de la valeur de l'*Inflation Index* à l'échéance.

Les rendements sont des rendements actuariels bruts, calculés sur base du taux, de la durée complète, du prix d'émission et du prix de remboursement.

Inflation moyenne annuelle	Prix de remboursement	Rendement brut investisseur
-2%	100%	2,80%
-1%	100%	2,80%
0%	100%	2,80%
1%	112,68%	3,65%
2%	126,82%	4,51%
3%	142,58%	5,39%
4%	160,10%	6,27%

Marché secondaire : Fortis Banque est *market maker* pour cette émission et garantit un *spread* maximum de 3% jusqu'à l'échéance des titres de créances sous conditions normales de marché.

Informations Générales

L'émission des *Inflation Linked Notes* a été autorisée par une décision du Conseil d'Administration de l'Emetteur en date du 4 novembre 2003. La décision au sujet de la garantie a été prise par le Conseil Administration de chaque garant le 24 Septembre 2003.

Le montant récolté par l'Emetteur dans le cadre de cette émission sera utilisé pour les besoins de financement du groupe Fortis.

L'émission des *Inflation Linked Notes* sera intégralement souscrite par les banques mentionnées sur la première page de l'*Offering Circular*, sur base d'un contrat de prise ferme (*Underwriting Agreement*).

L'Emetteur paiera aux banques précitées, une commission de 2% du montant de l'émission des *Inflation Linked Notes* ainsi qu'un montant pour couvrir les frais légaux, administratifs et divers.

Le Prospectus (l' *Offering Circular* et les Résumés de l' *Offering Circular*) peut être obtenu chez Fortis Banque, Montagne du Parc 3, 1000 Bruxellles, ainsi qu'au numéro de téléphone 02/565 6861 et sur le site : www.fortisbanque.be/investir . L'investisseur pourra également obtenir gratuitement à cette adresse une copie des derniers comptes annuels de l'Emetteur, et des derniers comptes annuels et intérimaires des Garants. Le Fiscal Agency Agreement, le texte de la garantie ainsi que les statuts de l'Emetteur et du Garant peuvent également y être consultés.

Les *Inflation Linked Notes* ont été acceptées dans les systèmes de liquidation de Clearstream et d'Euroclear sous le code commun 18110083 et le code ISIN XS0181100834.

Régime fiscal

Tous les paiements en rapport avec ces titres de créance sont soumis dans tous les cas aux lois fiscales ou autres lois ou règlements en vigueur dans les pays où les paiements seront sollicités.

Régime fiscal belge concernant les titres de créance:
Pour l'application de l'impôt sur le revenu belge, les titres de créances sont considérés comme des titres à revenus fixes (art. 2 § 4 CIR/92).

Régime fiscal applicable aux investisseurs privés résidant en Belgique.
Hormis le cas exceptionnel ou les personnes physiques ont affecté leurs titres de créance à une activité professionnelle, le régime des intérêts payés à des résidents belges personnes physiques est le suivant :
Les revenus de titres de créances étrangers encaissés auprès d'un intermédiaire financier établi en Belgique sont soumis à la retenue du précompte mobilier de 15%. Le prélèvement du précompte mobilier a un caractère libératoire dans le chef des investisseurs privés. Cela signifie que ces contribuables ne sont pas tenus de mentionner dans leur déclaration fiscale les revenus de titres de créances belges ou étrangers qu'ils ont perçus dans la mesure ou ces revenus auraient été soumis à la retenue du précompte mobilier (art. 313 CIR/92).
Si les intérêts n'ont pas été soumis à la retenue du précompte mobilier, le contribuable personne physique a l'obligation de les mentionner dans sa déclaration d'impôt des personnes physiques. Dans ce cas , les intérêts subiront un impôt au taux distinct de 15% augmenté des centimes additionnels locaux.

Les plus-values réalisées sur la vente de titres (en dehors de la quote-part d'intérêts courus) avant l'échéance ne sont en principe pas taxables, pour les personnes physiques sauf en cas de rachat par l'émetteur. Dans ce cas, ainsi qu'à l'échéance, les plus-values sont taxables comme des intérêts. Les moins-values ne sont en aucun cas déductibles fiscalement.

Régime fiscal applicable aux investisseurs sociétés.
Dans le chef des contribuables soumis à l'impôt des sociétés, les revenus des titres de créance étrangers font partie de leur base imposable au titre de revenus professionnels.
Le fait que ces revenus soient considérés comme revenus professionnels dans leur chef n'a cependant aucune incidence sur l'application du précompte mobilier. En effet, l'article 37CIR/92 précise que «sans préjudice de l'application des précomptes, les revenus des capitaux et biens mobiliers sont considérés comme des revenus professionnels, lorsque ces avoirs sont affectés à l'exercice de l'activité professionnelle du bénéficiaire desdits revenus ». Dans le chef de ces contribuables, le précompte mobilier a gardé sa vraie nature d'acompte imputable sur l'impôt des sociétés. Le précompte mobilier est cependant imputable en proportion de la période pendant laquelle la société a eu la pleine propriété des titres (art.280 CIR.92)

Moyennant remise d'une attestation d'identification *ad hoc*, la société résidente en Belgique peut obtenir une exonération du précompte mobilier en cas d'encaissement en Belgique (art.108 AR/CIR/92).
En cas de cession sur le marché secondaire, les plus-values sont imposables fiscalement, alors que les moins-values sont déductibles.

Régime fiscal applicable aux non-résidents.
Les revenus de titres de créance étrangers encaissés auprès d'un intermédiaire financier établi en Belgique sont soumis à la retenue d'un précompte mobilier de 15%.
Moyennant remise d'une attestation d'identification *ad hoc*, les épargnants non-résidents peuvent obtenir une exonération du précompte mobilier en cas d'encaissement en Belgique, si les titres de créance font l'objet d'un dépôt à découvert auprès d'une institution financière en Belgique et pour autant que les non-résidents n'affectent pas ces titres de créance à l'exercice d'une activité professionnelle en Belgique (art.230 CIR/92).
Les non-résidents qui affectent les titres de créance à l'exercice d'une activité professionnelle en Belgique (p. e. sous forme d'établissement stable), sont soumis aux mêmes règles que les sociétés résidentes en Belgique (art. 280 CIR/92 et art.108 AR/CIR92).

Au cas où la directive européenne sur l'épargne (N° 2003/48/CE du 3 juin 2003 (OJ – L 157)) devient applicable, la Belgique adoptera des mesures pour, à partir de 2005, soumettre les intérêts payés à des personnes physiques résidents de l'Union Européenne, non-résidentes belges, à une retenue à la source de 15 % (évoluant après vers 20% et 35 %). La Belgique devra également adopter une procédure de non-application de ce précompte qui s'appliquera dans des situations où l'état de résidence du bénéficiaire des intérêts est informé de l'identité de ce dernier, du montant des intérêts, etc.

Régime fiscal applicable aux contribuables soumis à l'impôt des personnes morales.
En ce qui concerne les contribuables assujettis à l'impôt des personnes morales, c'est-à-dire les associations, établissements ou organismes quelconques qui possèdent la personnalité juridique mais qui ne se livrent pas à une exploitation ou à des opérations à caractère lucratif, le précompte mobilier a le caractère d'un impôt définitif. Cela signifie que le précompte mobilier de 15% retenu sur les intérêts des titres de créance qu'ils encaissent en Belgique est, dans leur chef, le seul impôt relatif à ces revenus.
Les contribuables soumis à l'impôt des personnes morales qui recueillent ou encaissent des intérêts des titres de créance à l'étranger sans intervention d'un intermédiaire établi en Belgique sont eux-mêmes redevables du précompte mobilier.
Les plus-values réalisées sur la vente de titres (en dehors de la quote-part d'intérêts courus) avant l'échéance ne sont pas taxables, pour les contribuables soumis à l'impôt des personnes morales sauf en cas de rachat par l'émetteur. Dans ce cas, ainsi qu'à l'échéance, les plus-values sont taxables comme des intérêts. Les moins-values ne sont en aucun cas déductibles fiscalement.

La description ci-dessus ne constitue qu'un résumé de la législation fiscale actuelle qui peut changer au cours du temps. En cas de doute veuillez consulter votre conseiller financier et fiscal.

Offering Circular

FORTIS FINANCE N.V.

(Incorporated with limited liability in The Netherlands
with corporate seat in Utrecht)

Jointly and Severally Guaranteed by

FORTIS SA/NV

(Incorporated with limited liability in Belgium)
and

FORTIS N.V.

(Incorporated with limited Liability in The Netherlands
with corporate seat in Utrecht)

minimum EUR 10,000,000 and maximum EUR 100,000,000

3 % Inflation Linked Notes 2003 due 22 December 2015

Capital Guaranteed

Public Offering in Belgium

Subscription period: from 21 November 2003 until 15 December 2003
save in case of early termination due to oversubscription
Issue Price: 102 %
Issue date: 22 December 2003
Application has been made to list the Notes
on Euronext Brussels

FORTIS BANK

This Offering Circular is dated 21 November 2003

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APPROVAL BY THE BELGIAN BANKING AND FINANCE COMMISSION

The present Offering Circular as well as a “Résumé du *Offering Circular*” and a “Samenvatting van de *Offering Circular*” were approved by the Belgian Banking and Finance Commission on 17 November 2003, pursuant to article 14 of the Law dated 22 April 2003 on the public offerings of securities. This approval in no way implies an evaluation of the appropriateness or quality of the operation, or the situation of the Issuer.
The notice prescribed by article 13 first section of the aforementioned Law has appeared in the press.

RESPONSIBILITY

Fortis Finance N.V., a limited liability company incorporated for an unlimited duration under the laws of the Netherlands (hereinafter referred to as the "**Issuer**" or the "**Company**") and Fortis SA/NV incorporated with limited liability in Belgium and Fortis N.V. incorporated with limited liability in the Netherlands with corporate seat in Utrecht, (each a “Guarantor” hereinafter referred to as the "**Guarantors**"), having made all reasonable enquiries, confirm that this Offering Circular contains all information with regard to the Issuer, the Guarantors and the Notes (as defined below) which is material in the context of the Notes, that such information is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed herein are honestly held and that there are no other facts in relation to the information contained or incorporated by reference in this Offering Circular the omission of which makes or would make this Offering Circular as a whole or any of such information or the expression of any such opinion or intentions misleading in any material respect. The Issuer and the Guarantors accept responsibility for this Offering Circular accordingly.
The registered and principal office of the Issuer is at Archimedeslaan 6, 3584 BA Utrecht, The Netherlands.
The registered office of the Guarantors are located in Rue Royale 20, B-1000 Brussels for Fortis SA/NV and Archimedeslaan 6, 3584 BA Utrecht, The Netherlands for Fortis N.V.

The information contained herein with regard to the Harmonised indices of consumer prices-All items excluding tobacco-Index (the “**Index**” or the “Inflation Index” or the “ HICP”) consists of a summary of publicly available information. The Issuer and the Guarantors confirm having made their best efforts to collect and summarise all information that as of the date of this Offering Circular they deem to be material in the context of the issue of the Notes. The Issuer and the Guarantors accept responsibility for accurately reproducing such information. Neither the Issuer nor the Guarantors accept further or other responsibility in respect of such information and, in particular do not accept responsibility for the accuracy or completeness of the information concerning the Index and no representation is made that there has not occurred any event which would affect the accuracy or completeness of such information.
The Notes will be obligations solely of the Issuer and the Guarantors. The announcer of the Index has not been involved in the preparation of this Offering Circular, nor in the issue of the Notes.

No person has been authorised to give any information or make any representation in connection with the offering of the Notes other than as contained in this Offering Circular and, if given or made, any such information representation should not be relied upon as having been authorised by the Issuer, the Guarantors, or any of the Managers (as defined under "Subscription and Sale" below). Neither the delivery of the Offering Circular, nor the issue of the Notes, nor any sale thereof shall, in any circumstances, create any implication that there has been no change in the affairs of the Issuer and/or the Guarantors since the date hereof. The Managers have not separately verified the information contained in this Offering Circular other than any information relating to the Managers themselves.
Neither this Offering Circular nor any other information supplied in connection with any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or constituting an invitation or offer by the Issuer, the Guarantors or any of the Managers that any recipient of this Offering Circular or any other information supplied in connection with this Offering Circular or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Guarantors.
The Managers do not make any representation or warranty, express or implied, as to the accuracy or completeness of the information in this Offering Circular. Each person receiving this Offering Circular acknowledges that such person has not relied on the Managers or any person affiliated with the Managers in connection with its investigation of the accuracy of such information.

In connection with the issue of the Notes, only Fortis Bank may in its capacity as lead manager over-allot Notes or effect transactions in the open market or otherwise in connection with the distribution of the Notes with a view to supporting the market price of the Notes at levels other than those which might otherwise prevail in the open market. Such stabilisation, if commenced, may be discontinued at any time and will in any event be discontinued 30 days after the Issue Date.

The distribution of this Offering Circular and the offering and sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the

Managers to inform themselves about and to observe any such restrictions. Save for the public offering in Belgium, no action has been or will be taken by the Issuer, the Guarantors or the Managers that would permit a public offering of the Notes or the distribution of this Offering Circular or any offering material in any country or jurisdiction where action for that purpose is required.

GENERAL INFORMATION

The Articles of Association of the Issuer and the Articles of Association of the Guarantors as well as the legal notice relating to the issue of the Notes are available for inspection at the head offices of the Issuer and the Guarantors, where copies of such documents will be obtainable upon request.

The present Offering Circular, the text of the Fiscal Agency Agreement, the text of the Guarantee and the articles of association of the Issuer and the Guarantors will be available free of charge at the specified office of the Paying Agents (as defined below) in Luxembourg and in the Netherlands and at the head office of the Fiscal Agent (as defined below) in Belgium during the life of the Notes.

In addition, copies of the three most recent annual accounts and future annual accounts of the Issuer and of the three most recent consolidated and unconsolidated accounts and future annual consolidated and unconsolidated accounts of the Guarantors and any interim reports will be available free of charge at the office of the Paying Agents in Luxembourg and in the Netherlands and at the head office of the Fiscal Agent in Belgium and can also be found on the internet address of Fortis: www.fortis.com . The Issuer does not publish interim reports. Those interim reports are incorporated in the quarterly interim reports of Fortis (the parent company).

The financial statements of the Issuer for the years ending 31 December 2000, 31 December 2001 and 31 December 2002 have been audited without qualification by KPMG Accountants N.V., Burgemeester Rijnderslaan 20, 1185 MC-Amstelveen, The Netherlands.

The 2000, 2001 and 2002 financial statements of the Guarantors have been jointly audited without qualification by PricewaterhouseCoopers, Avenue de Cortenbergh 75 B-1000 Brussels and KPMG Accountants N.V., Burgemeester Rijnderslaan 20, 1185 MC- Amstelveen, The Netherlands.

There has been no material adverse change in the financial position of the Issuer and in the financial position of the Guarantors since 31 December 2002, except as described in this Offering Circular (see Recent Developments).

The issue of the Notes was duly authorised by the Issuer pursuant to a resolution adopted by its Board of Directors on 4 November 2003. The issue of the Guarantee attached to the Notes was duly authorised by the Guarantors pursuant to an authorisation of the Board of Directors of each Guarantor on 24 September 2003.

Neither the Issuer nor each of the Guarantors is involved in any litigation that may have a material adverse effect on their financial position.

Application has been made to list the Notes on Euronext Brussels.

A temporary global note (the "Temporary Global Note"), without interest coupons, representing the Notes will be deposited with a common depository for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Luxembourg S.A. ("**Clearstream**") on or about 3 December 2003. The Issuer will undertake to cause definitive Notes to be available for delivery in exchange for such Temporary Global Note not earlier than 40 days after the Issue Date and not later than July 2004.

The Notes have been accepted for clearance through Clearstream and Euroclear (common code: 18110083, ISIN code: XS0181100834).

USE OF PROCEEDS

The net proceeds from the issue of the Notes amounting to EUR 9,940,000 (for an issue amout of 10,000,000; to be increased in accordance with the final issue amount) will be used by the Issuer for the general financing operations of Fortis.

SUBSCRIPTION AND SALE

Investors may subscribe the Notes at the branches of Fortis Bank nv-sa and at the branches, if any, of the Managers (as defined below) specified on the cover page of this Offering Circular.

Fortis Bank nv-sa, Montagne du Parc 3, B 1000 Brussels, has been appointed Fiscal Agent and principal Paying Agent of this Issue. On the date of this Offering Circular, the other Paying Agents are Banque Générale du Luxembourg S.A., 50 avenue J.-F. Kennedy L-2951 Luxembourg and Fortis Bank (Nederland) N.V., Rokin 55, NL 1012 KK Amsterdam.

The issue has been underwritten jointly and severally by the banks (the "**Managers**") specified on the cover page pursuant to an Underwriting Agreement.
The Issuer will pay a combined management, underwriting and selling commission of 2% of the aggregate principal amount of the issue. The Issuer will also pay all the costs and expenses relating to the issue.
The Managers are entitled to terminate, and to be released and discharged from their obligations under, the Underwriting Agreement in certain circumstances (such as, non execution of the issue documents, *force majeure*, adverse change in the condition of the Issuer or the Guarantors) prior to payment to the Issuer in which case the issue can be cancelled.

Selling Restrictions
The distribution of this Offering Circular and the offering and sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions.
Save for the public offering in Belgium, no action has been or will be taken by the Issuer, the Guarantor or the Managers that would permit a public offering of the Notes or the distribution of this Offering Circular or any offering material in any country or jurisdiction where action for that purpose is required.
The Notes are not and will not be registered under the Securities Act 1933 (as amended) of the United States of America (the "Securities Act") and may not be offered, sold of delivered, directly or indirectly, in the United States of America, its territories, dependencies and possessions, in any State of the United States and in the District of Columbia or to "US Persons" (as defined in Regulation S under the Securities Act). The Notes are subject tot U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Manager has agreed that (i) it has not offered or sold and, prior to the date six months after the date of issue of the Notes, will not offer or sell any Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995; (ii) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and (iii) it will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) received by it in connection with the issue or sale of the Notes in circumstances in which section 21(1) of the Financial Services and Markets Act 2000 does not apply to the Issuer.

TAX TREATMENT

The information below is not intended as tax advice and it does not purport to describe all the tax consequences that may be relevant to a prospective purchaser of Notes. Prospective purchasers are urged to satisfy themselves as to the overall tax consequences of purchasing, holding and/or selling the Notes.

Tax treatment in Belgium

Please refer to the “Résumé du *Offering Circular*” / “Samenvatting van de *Offering Circular*”, which has been published for the purpose of the public offering in Belgium.

EU Savings Directive

On 3 June 2003 the EU Council of Economic and Finance Ministers adopted a new directive regarding the taxation of savings income. The directive is scheduled to be applied by Member States from 1 January 2005, provided that certain non-EU countries adopt similar measures from the same date. Under the directive each Member State will be required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State; however, Austria, Belgium and Luxembourg may instead apply a withholding system for a transitional period in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to commence on the date from which the directive is to be applied by Member States and to terminate at the end of the first fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

The following is the text of the Terms and Conditions of the Notes (the "Terms and Conditions") which, subject to amendment, will be endorsed on each Note in definitive form.

By subscribing to or otherwise acquiring the Notes, the holders of the Notes are deemed to have knowledge of all the Terms and Conditions of the Notes hereafter described and to accept the said Terms and Conditions.

TERMS AND CONDITIONS OF THE NOTES

EUR 10,000,000 (subject to be increased up to EUR 100,000,000)
3 % Inflation Linked Notes 2003 due 22 December 2015 (the "Notes")

issued by

Fortis Finance NV (the "Issuer")

Jointly, severally, unconditionally and irrevocably guaranteed by

Fortis SA/NV

and

Fortis N.V.

(the"Guarantors")

1. Form and Denomination

(a) *Form:* Notes are issued in bearer form and are serially numbered.

The Notes have attached thereto at the time of their initial delivery coupons ("*Coupons*"), presentation of which will be a prerequisite to the payment of interest save in certain circumstances specified herein.

(b) Denomination:

Notes are in the denominations of EUR 1,000 , EUR 10,000 and EUR 100,000.

(c) Currency of Notes:

The Notes are denominated in euro, the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union (hereinafter referred to as "EUR" or "euro").

2. Title and Transfer

(a) Title to Notes and Coupons passes by delivery. References herein to the "*Holders*" of Notes or of Coupons are to the bearers of such Notes or Coupons.

(b) The Holder of any Note or Coupon will (except as otherwise required by applicable law or regulatory requirement) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing on the relevant Note, or any theft or loss thereof) and no person shall be liable for so treating such Holder.

3. Status and Guarantee

(a) Status

The Notes are unsubordinated and constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves and at least *pari passu* with all other unsubordinated and unsecured obligations of the Issuer, present and future (save for certain mandatory exceptions provided by law).

(b) Guarantee

The Guarantors have unconditionally and irrevocably jointly and severally guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes. This guarantee (the "*Guarantee*") constitutes direct, unconditional, unsubordinated and (without prejudice to Condition 4) unsecured obligations of the Guarantors which will at all times rank at least *pari passu* with all other present and future unsecured obligations of the Guarantors, save for such obligations as may be preferred by provisions of mandatory law.

4. Negative Pledge

So long as any Note or Coupon remains outstanding and with the exception of any Permitted Encumbrances as defined below, the Issuer and the Guarantors will not create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest (the "*Security*") upon the whole or any part of its undertaking, assets or revenues present or future to secure any Relevant Debt, or any guarantee of or indemnity in respect of any Relevant Debt unless, at the same time or prior thereto, the Issuer's obligations under the Notes and the Coupons or, as the case may be, the Guarantors' obligations under the Guarantee (aa) are secured equally and rateably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, or (bb) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of the Holders.

For the purposes of this Condition:

"*Permitted Encumbrances*" means

(i) Liens arising by operation of law in the ordinary course of business.

(ii) Security over an asset existing before that asset is acquired if that Security was not created in contemplation of the acquisition of that asset.

(iii) Security granted to finance the acquisition of an asset. This sub-paragraph only applies if:

  (a) the acquisition is at fair market value and on an arm's length basis; and

  (b) the amount secured does not exceed the market value of the asset.

(iv) Other Security securing Relevant Debt which does not in the aggregate (that is, taking into account all such Security created, or allowed to exist by each Relevant Group Company) exceed an amount equal to 5 per cent. of the total consolidated assets of Fortis for the time being as set out in the audited consolidated balance sheet contained in the then latest financial statements of Fortis."

"*Relevant Debt*" means any present or future indebtedness in the form of, or represented by, bonds, notes, debentures, loan stock or other securities; and

"*Relevant Group Company*" means the Issuer or either Guarantor and any other company which is a subsidiary of either or both Guarantors ("*Group Company*").

5. Interest

(a) *Interest on the Notes*

(i) Each Note bears interest on its nominal amount from (and including) 22 December 2003 (the "Interest Commencement Date" and the "Issue Date") at the rate of 3 per cent per annum, payable annually in arrears on each 22 December (each a "*Fixed Interest Date*" or an "*Interest Payment Date*"). The first payment of interest will be made on 22 December 2004.

(ii) Should interest be payable for a period of less than one year, it shall be calculated on the basis of the actual number of days elapsed in the period, using as denominator in the calculation of the interest the actual number of calendar days in the coupon period.

(b) *Accrual of Interest*

Each Note will cease to bear interest from the due date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue thereon (as well after as before any demand or judgment) at the rate then applicable to the principal amount of the Notes until whichever is the earlier of (1) the date on which all amounts due in respect of such Note have been paid, and (2) the date on which the Agent having received the funds required to make such payment, has given notice to the Holders of Notes in accordance with Condition 14 of that circumstance (except to the extent that there is failure in the subsequent payment thereof to the relevant Holder of Notes).

6. Redemption and Purchase

(a) *Redemption at Maturity*

Unless previously redeemed, or purchased and cancelled, each Note shall be redeemed at its final redemption amount (the "*Final Redemption Amount*") on 22 December 2015 (the "*Maturity Date*").

The Final Redemption Amount will be the principal amount of each Note multiplied by the evolution of the euro-zone HICP EX-TOBACCO index during the 10-year period.

The evolution of the Inflation Index will be calculated in accordance with the following formula:

$$\left[Max\left\{ \left(\frac{Inflationref_{EndDate}}{Inflationref_{StartDate}} \right), 1 \right\} \right]$$

Where:

- $Inflationref_{EndDate}$ is the Inflation Index in September 2015
- $Inflationref_{StartDate}$ is the Inflation Index in September 2003

The Final Redemption Amount is floored at 100.00 per cent.

"Inflation Index" means, the Harmonised indices of consumer prices – All items excluding tobacco – Index of the euro-zone. It is calculated as a weighted average of the euro-zone indices of consumer prices.

"euro-zone" means, Belgium, Germany, Greece (from January 2001), Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland.

The Inflation Index is calculated and published by EUROSTAT. EUROSTAT is the Statistical Office of the European Communities, established in 1953.
The level of the Inflation Index can be found on website pages :
http://europa.eu.int/comm/eurostat/Public/datashop/print-product/EN?catalogue=Eurostat&product=1-pr042idx-EN&mode=download .

Adjustment to Index and Corrections

If the Inflation Index is

(i) not calculated and announced by EUROSTAT but is calculated and announced by another relevant authority approved by the European Union (a "*Successor Announcer*") or,

(ii) replaced by a successor index (a "*Successor Inflation Index*") using, in the determination of the Calculation Agent, the same or substantially similar formula for and method of calculation as used in the calculation of the Inflation Index,

then the Inflation Index will be deemed to be the index so calculated and announced by the Successor Announcer of that Successor Inflation Index, as the case may be.

If EUROSTAT or any Successor Announcer makes any changes to the method or bases used for calculating the Inflation Index, the Inflation Index shall be such Inflation Index as calculated and announced upon such changes.

If the Inflation Index is no longer calculated or announced for any reason and has not been replaced by a Successor Inflation Index, then a substitute Inflation Index (the "*Substitute Inflation Index*") shall be adopted as agreed by the Issuer and the Calculation Agent.

For the avoidance of doubt, if a relevant Inflation Index is announced and published but is then revised for any reason, only the Inflation Index as first published will be retained for the calculation of the Final Redemption Amount.

(b) *Early Redemption for Taxation Reasons*

If, in relation to the Notes, (i) as a result of any change in the laws, regulations or rulings of The Netherlands or Belgium or of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the interpretation or administration of any such laws, regulations or rulings which becomes effective on or after the date of issue of such Notes or any other date specified in the Pricing Supplement, the Issuer or (if a payment were then due under the Guarantee) the Guarantor would be required to pay additional amounts as provided in Condition 8, (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it and (iii) such circumstances are evidenced by the delivery by the Issuer (or the Guarantor, as the case may be) to the Fiscal Agent of a certificate signed by two directors of the Issuer (or the Guarantor, as the case may be) stating that the said circumstances prevail and describing the facts leading thereto and an opinion of independent legal advisers of recognised standing to the effect that such circumstances prevail, the Issuer may, at its option and having given no less than thirty nor more than sixty days' notice to the Holders of the Notes in accordance with Condition 14 (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Notes at their early tax redemption amount (the "*Early Termination Amount* ") (which shall be the Final Redemption Amount calculated on the basis of an $Inflationref_{EndDate}$ of the third month preceding the relevant early redemption date) together with accrued interest (if any) thereon. Provided, however, that no such notice of redemption may be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

(c) *Optional Early Redemption (Call)*

The Issuer may not decide to redeem the Notes prior to the Maturity Date.

(d) P*urchase of Notes*

Either the Issuer or a Guarantor or any of their respective subsidiaries may, as the case may be, at any time purchase Notes in the open market or otherwise and at any price provided that all unmatured Coupons appertaining thereto are purchased therewith. If purchases are made by tender, tenders must be available to all Holders of Notes alike.

(e) *Cancellation of Redeemed and Purchased Notes*

All unmatured Notes and Coupons redeemed or purchased, otherwise than in the ordinary course of business of dealing in securities or as a nominee in accordance with this Condition 6 will be cancelled forthwith and may not be reissued or resold.

7. Events of Default The following events or circumstances (each an "*Event of Default*") shall be acceleration events in relation to the Notes , namely:

(i) The Issuer fails to pay for a period of five (5) days or more any interest on any of the Notes when due and, if such non-payment is due to technical reasons or administrative error (and only in that case) such default has not been remedied within 5 Business Days of such non-payment; or

(ii) the Issuer or either Guarantor does not perform or comply with any one or more of its other obligations in the Notes , the Deed of Covenant, the Deed of Guarantee or the Fiscal Agency Agreement which default is incapable of remedy or, if capable of remedy, is not remedied within 30 days after written notice of such default shall have been given to the Issuer or the relevant Guarantor at the specified office of the Fiscal Agent by the Holder of any such Note; or

(iii) (aa) any other present or future indebtedness of the Issuer or either Guarantor or any Material Group Company for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer or, as the case may be, the relevant Guarantor, or

(bb) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or

(cc) the Issuer or either Guarantor or any Material Group Company fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that it shall not constitute an Event of Default if the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (iii) have occurred is less than U.S.$50,000,000 (or its equivalent in any other currency or currencies); or

(iv) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer or either Guarantor or any Material Group Company and is not discharged or stayed within 30 days; or

(v) any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or either Guarantor or any Material Group Company becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and not retracted, cancelled or stayed within 30 days; or

(vi) the Issuer or either Guarantor or any Material Group Company is (or is deemed by law or a court to be) insolvent, applies for its own bankruptcy, is declared bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of its debts (or of any part which it will otherwise be unable to pay when due), proposes or makes a general assignment, or an arrangement or composition with or for the benefit of the relevant creditors in respect of any such debts or a moratorium is agreed or declared in respect of or affecting all or any part of the debts of the Issuer, either Guarantor or any Material Group Company, or, in the case of the Issuer, a Guarantor or any Material Group Company which is incorporated in The Netherlands, a "*surséance van betaling*" under Dutch law is agreed, applied for or declared in respect of or affecting all or any part of its debts or an application is filed for a declaration; or

(vii) an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer or either Guarantor or any Material Group Company, or the Issuer or either Guarantor ceases or threatens to cease to carry on all or a material part of its business or operations, except, in either case, for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) in the case of any Material Group Company, whereby the whole or substantially the whole of the undertaking and the assets of the Material Group Company are transferred to or otherwise vested in the Issuer or either Guarantor (as the case may be) or any other Group Company (as defined in Condition 4), or (ii) in the case of the Issuer or a Guarantor, pursuant to which the whole or substantially the whole of the undertaking and the assets of the Issuer or the relevant Guarantor are transferred to the surviving company and the surviving company has assumed all of the obligations of the Issuer or relevant Guarantor; or

(viii) the Guarantee is not (or is claimed by either Guarantor not to be) in full force and effect; or

(ix) either of the Guarantors disposes or threatens to dispose of the whole or a material part of its business, or of the whole or a material part of its assets, whether by a single transaction or a series of transactions whether related or not (except (a) for the purpose of a reorganisation, merger or consolidation pursuant to the terms of which the surviving company (to which such business and/ or assets have been transferred) has assumed all of the obligations of such Guarantor under the Guarantee or (b), in the case of a disposal by either or both Guarantors of a material part of its or their assets, for consideration in money or money's worth at least equal to the lower of the book value and the full market value of the assets so disposed of which consideration is paid in full on normal commercial terms and applied for the acquisition of additional assets in the ordinary course of such Guarantor's business.

For the purposes of this condition:

"*Material Group Company*" means any Group Company (i) whose net profit after tax and minority interests but before extraordinary items or (ii) whose net assets in each case as shown by the latest audited non-consolidated financial statements (or, where the Group Company in question itself prepares consolidated financial statements, consolidated financial statements), of such Group Company used for the purpose of the latest audited consolidated financial statements of Fortis represent at least 5 per cent. of the consolidated net profit after tax and minority interests but before extraordinary items or 3 per cent. of the net assets, respectively, of Fortis as shown by such consolidated financial statements. A report of the Auditors that in their opinion a Group Company is or is not or was or was not at any particular time a Material Group Company shall be conclusive and binding on all parties; and

"*Fortis*" means the group of companies consisting of all of the Group Companies.

If any Event of Default shall occur in relation to the Notes, any Holder of an Note of the relevant Series may, by written notice to the Issuer, at the specified office of the Fiscal Agent declare that such Note and all interest then accrued on such Note shall be forthwith due and payable, whereupon the same shall become immediately due and payable at its Early Termination Amount (as defined in Condition 6(b)), together with all interest (if any) accrued thereon without presentment, demand, protest or other notice of any kind, all of which the Issuer will expressly waive, anything contained in such Notes to the contrary notwithstanding, unless, prior thereto, all Events of Default in respect of the Notes shall have been cured.

8. Taxation

(a) All amounts payable (whether in respect of principal, interest or otherwise) in respect of the Notes and the Coupons by or on behalf of the Issuer or the Guarantors will be made free and clear of and without withholding or deduction for, or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of The Netherlands or Belgium or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer or any of the Guarantors (as the case may be) will pay such additional amounts as may be necessary in order that the net amounts receivable by the Holder after such withholding or deduction shall equal the respective amounts which would have been receivable by such Holder in the absence of such withholding or deduction; except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

(i) by a Holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with The Netherlands or Belgium other than the mere holding of such Note or Coupon; or

(ii) more than 30 days after the Relevant Date, except to the extent that the relevant Holder would have been entitled to such additional amounts if it had presented the relevant Note or Coupon for payment on the last day of such period of 30 days; or (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(iv) by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the EU.

(b) For the purposes of these Terms and Conditions, the "*Relevant Date*" means, in respect of any payment, the date on which such payment first becomes due and payable, but if the full amount of the moneys payable has not been received by the Principal Paying Agent on or prior to such due date, it means the first date on which, the full amount of such moneys having been so received and being available for payment to Holders, notice to that effect shall have been duly given to the Holders of the Notes of the relevant Series in accordance with Condition 14.

(c) If the Issuer or the Guarantors (as the case may be) becomes subject generally at any time to any taxing jurisdiction other than or in addition to The Netherlands or Belgium references in Condition 6(b) and Condition 8(a) to The Netherlands or Belgium shall be read and construed as references to The Netherlands or Belgium and/or to such other jurisdiction(s).

(d) Any reference in these Terms and Conditions to "*principal*" and/or "*interest*" in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition 8. Unless the context otherwise requires, any reference in these Terms and Conditions to "principal" shall include any premium payable in respect of a Note, any Instalment Amount or Redemption Amount and any other amounts in the nature of principal payable pursuant to these Terms and Conditions and "interest" shall include all amounts payable pursuant to Condition 5 and any other amounts in the nature of interest payable pursuant to these Terms and Conditions.

9. Payments

(a) *Payments*: Payment of amounts (other than interest) due in respect of Notes will be made against presentation and surrender of the relevant Notes at the specified office of any of the Paying Agents.

(b) Payment of amounts in respect of interest on Notes will be made against surrender of the relevant Coupons at the specified office of any of the Paying Agents outside the United States.

(c) If the due date for payment of any amount due in respect of any Note is not a Relevant Financial Centre Day and a Local Banking Day (each as defined in Condition 9(f)), then the Holder thereof will not be entitled to payment thereof until the next day which is such a day, and from such day and thereafter will be entitled to receive payment by cheque on any Local Banking Day, and will be entitled to payment by transfer to a designated account on any day which is a Local Banking Day, a Relevant Financial Centre Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such delay or adjustment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 5(b).

(d) Each Note initially delivered with Coupons attached thereto should be presented and, save in the case of partial payment of the Redemption Amount, surrendered for final redemption together with all unmatured Coupons relating thereto, failing which the amount of any missing unmatured Coupons (or, in the case of a payment not being made in full, that portion of the amount of such missing Coupon which the Redemption Amount paid bears to the total Redemption Amount due) will be deducted from the amount otherwise payable on such final redemption, the amount so deducted being payable against surrender of the relevant Coupon at the specified office of any of the Paying Agents at any time within ten years of the Relevant Date applicable to payment of such Redemption Amount;

(e) Payments of amounts due (whether principal, interest or otherwise) in respect of Notes will be made in euro (a) by cheque or (b) at the option of the payee, by transfer to an account denominated in the relevant currency specified by the payee. Payments will, without prejudice to the provisions of Condition 8, be subject in all cases to any applicable fiscal or other laws and regulations.

(f) For the purposes of these Terms and Conditions:

(i) "*Relevant Financial Centre Day*" means in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer ("TARGET") system is open;

(ii) "*Local Banking Day*" means a day (other than a Saturday or Sunday) on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place of presentation of the relevant Note or, as the case may be, Coupon; and

(g) No commissions or expenses shall be charged to the holders of Notes or Coupons in respect of such payments.

10. Prescription

Claims against the Issuer for payment of principal and interest in respect of Notes will be prescribed and become void unless made, in the case of principal, within ten years or, in the case of interest, five years after the Relevant Date (as defined in Condition 8(b)) for payment thereof.

11. The Paying Agents and the Calculation Agent

(a) The initial Paying Agents and their respective initial specified offices are specified below. Calculation Agent means Fortis bank nv-sa. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent (including the Fiscal Agent and Principal Paying Agent) or the Calculation Agent and to appoint additional or other Paying Agents or another Calculation Agent provided that it will at all times maintain (i) a Principal Paying Agent, (ii) a Paying Agent with a specified office in a continental European city, (iii) so long as the Notes are listed on Euronext Brussels, a Paying Agent with a specified office in Belgium and/or in such other place as may be required by the rules of such other stock exchange, (iv) a Paying Agent in a European Union Member state that will not be obliged to withhold or deduct tax pursuant to the EU Savings or any law implementing or complying with, or introduced to conform to, such directive, and (v) a Calculation Agent . The Paying Agents and the Calculation Agent reserve the right at any time to change their respective specified offices to some other specified office in the same country. Notice of all changes in the identities or specified offices of any Paying Agent or the Calculation Agent will be given promptly by the Issuer to the Holders in accordance with Condition 14.

(b) The Paying Agents and the Calculation Agent act solely as agents of the Issuer and, save as provided in the Fiscal Agency Agreement or any other agreement entered into with respect to its appointment, do not assume any obligations towards or relationship of agency or trust for any Holder of any Note, Receipt or Coupon and each of them shall only be responsible for the performance of the duties and obligations expressly imposed upon it in the Fiscal Agency Agreement or other agreement entered into with respect to its appointment or incidental thereto.

(c) Fortis Bank nv-sa or any other duly appointed fiscal agent (the **"Fiscal Agent**") shall act as fiscal agent, Principal Paying Agent and Calculation Agent pursuant to a fiscal agency agreement dated 22 December 2003, (the **"Fiscal Agency Agreement**") between the Issuer, the Fiscal Agent and the paying agents named therein (the **"Paying Agents**"), copies of which are available at the principal offices of the Fiscal Agent and of the Paying Agents during normal business hours.

12. Replacement of Notes

If any Note, Receipt or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent or any Paying Agent (each a "*Replacement Agent*"), subject to all applicable laws and the requirements of any stock exchange on which the Notes are listed, upon payment by the claimant of all expenses incurred in connection with such replacement and upon such terms as to evidence, security, indemnity and otherwise as the Issuer and the Replacement Agent may require.

Mutilated or defaced Notes and Coupons must be surrendered before replacements will be delivered therefor.

13. Meetings of Holders and Modification

Meetings of the Holders of Notes can be convened in accordance with governing law, to consider any matter affecting their interest, including (without limitation) the modification of these Terms and Conditions. A resolution passed at any meeting of the Holders of Notes of will be binding on all Holders of the Notes of such Series, whether or not they are present at the meeting, and on all Holders of Coupons relating to Notes

The Issuer may, with the consent of the Fiscal Agent but without the consent of the Holders of the Notes of any Series or Coupons, amend these Terms and Conditions to correct a manifest error. Subject as aforesaid, no other modification may be made to these Terms and Conditions except with the sanction of an resolution passed at any meeting of Holders.

14. Notices

Notices will be deemed to be validly given if (i) published in at least one Belgian financial newspaper or, if any of said newspapers shall cease to be published or timely publication therein shall not be practicable, in such other newspaper(s) as the fiscal agent shall deem necessary to give fair and reasonable notice to the noteholders and couponholders.

The Issuer shall also ensure that notices are duly published in compliance with the rules and regulations of each stock exchange on which the Notes are listed. Any notice so given will be deemed to have been validly given on the date of first such publication (or, if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Holders of Coupons will be deemed for all purposes to have notice of the contents of any notice given to Holders of Notes in accordance with this Condition.

15. Further Issues

The Issuer may from time to time, without the consent of the Holders of any Notes or Coupons, create and issue further instruments, bonds or debentures having the same terms and conditions as such Notes in all respects (or in all respects except for the first payment of interest, if any, on them and/or the denomination thereof) so as to form a single series with the Notes .

16. Currency Indemnity

The currency in which the Notes are denominated and payable (the "*Contractual Currency*"), is the sole currency of account and payment for all sums payable by the Issuer in respect of the Notes, including damages. Any amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction or otherwise) by any Holder of a Note or Coupon in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the Contractual Currency which such Holder is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that amount is less than the amount in the Contractual Currency expressed to be due to any Holder of a Note or Coupon in respect of such Note or Coupon the Issuer shall indemnify such Holder against any loss sustained by such Holder as a result. In any event, the Issuer shall indemnify each such Holder against any cost of making such purchase which is reasonably incurred. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Holder of a Note or Coupon and shall continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due in respect of the Notes or any judgment or order. Any such loss aforesaid shall be deemed to constitute a loss suffered by the relevant Holder of a Note or Coupon and no proof or evidence of any actual loss will be required by the Issuer.

17. Substitution of the Issuer

(a) The Issuer may, without the consent of any Holder of Notes or of Coupons, substitute for itself any other body corporate as the debtor in respect of the Notes, any Coupons, and the Fiscal Agency Agreement (the "*Substituted Debtor*") upon notice by the Issuer and the Substituted Debtor to be given in accordance with Condition 14, *provided that:*

(i) the Issuer is not in default in respect of any amount payable under the Notes;

(ii) the Issuer and the Substituted Debtor have entered into such documents (the "*Documents*") as are necessary to give effect to the substitution and in which the Substituted Debtor has undertaken in favour of each Holder of Notes to be bound by these Terms and Conditions and the provisions of the Fiscal Agency Agreement as the debtor in respect of the Notes in place of the Issuer (or of any previous substitute under this Condition 17);

(iii) if the Substituted Debtor is resident for tax purposes in a territory (the "*New Residence*") other than that in which the Issuer prior to such substitution was resident for tax purposes (the "*Former Residence*"), the Documents contain an undertaking and/or such other provisions as may be necessary to ensure that each Holder of Notes has the benefit of an undertaking in terms corresponding to the provisions of Condition 8, with the substitution of references to the Former Residence with references to the New Residence;

(iv) The Guarantors guarantee the obligations of the Substituted Debtor in relation to the Notes on a basis equivalent to that set out in Condition 3(2);

(v) the Substituted Debtor and the Issuer have obtained all necessary governmental approvals and consents for such substitution and for the performance by the Substituted Debtor of its obligations under the Documents and for the performance by the Guarantors of their obligations;

(vi) legal opinions shall have been delivered to the Fiscal Agent from lawyers of recognised standing in the jurisdiction of each territory referred to in (iv) above, as to the fulfilment of the requirements of this Condition 17 and that the Notes and Coupons are legal, valid and binding obligations of the Substituted Debtor;

(vii) each stock exchange on which the Notes are listed shall have confirmed that, following the proposed substitution of the Substituted Debtor, the Notes will continue to be listed on such stock exchange; and

(b) Upon such substitution the Substituted Debtor shall succeed to, and be substituted for, and may exercise every right and power, of the Issuer under the Notes, any Coupons, and the Fiscal Agency Agreement with the same effect as if the Substituted Debtor had been named as the Issuer herein, and the Issuer shall be released from its obligations under the Notes, any Coupons, and the Fiscal Agency Agreement.

(c) After a substitution pursuant to Condition 17(a) the Substituted Debtor may, without the consent of any Holder of Notes or of Coupons, effect a further substitution. All the provisions specified in Conditions 17(a) and 17(b) shall apply *mutatus mutandis*, and references in these Terms and Conditions to the Issuer shall, where the context so requires, be deemed to be or include references to any such further Substituted Debtor.

(d) After a substitution pursuant to Condition 17(a) or 17(c) any Substituted Debtor may, without the consent of any Holder of Notes or of Coupons, reverse the substitution, *mutatus mutandis*.

(e) The Documents shall be delivered to, and kept by, the Fiscal Agent. Copies of the Documents will be available free of charge at the specified office of each of the Paying Agents.

18. Waiver and Remedies

No failure to exercise, and no delay in exercising, on the part of the Holder of any Note, any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or future exercise thereof or the exercise of any other right. Rights hereunder shall be in addition to all other rights provided by law. No notice or demand given in any case shall constitute a waiver of rights to take other action in the same, similar or other instances without such notice or demand.

19. Governing Law and Jurisdiction

(a) *Governing Law:* The Notes and all matters arising from or connected with the Notes are governed by, and shall be construed in accordance with, Belgian law.

(b) *Courts:* The courts of Brussels have exclusive jurisdiction to settle any dispute (a "*Dispute*") arising from or connected with the Notes.

(c) *Appropriate forum:* The Issuer and each of the Guarantors agree that the courts of Brussels are the most appropriate and convenient courts to settle any Dispute and, accordingly, that they will not argue to the contrary.

(d) *Service of process:* The Issuer and the Guarantors agree that the documents which start any proceedings and any other documents required to be served in relation to those proceedings may be served on them by being delivered to Fortis SA/NV.

FISCAL AGENT,PRINCIPAL PAYING AGENT AND CALCULATION AGENT
FORTIS BANK nv-sa
Montagne du Parc 3
B - 1000 Brussels

PAYING AGENTS
Banque Générale du Luxembourg S.A.
50 avenue J.-F. Kennedy
L-2951 Luxembourg

Fortis Bank (Nederland) N.V.
Rokin 55
NL 1012 KK Amsterdam

GUARANTEE

The following is substantially the text of the Guarantee that will be executed by the Guarantors and that will be endorsed on the Notes.

Fortis SA/NV and Fortis N.V. (the "Guarantors") unconditionally and irrevocably guarantees to the holder of this Note (and, where relevant, the coupons appertaining hereto) the due and punctual payment, in accordance with the Terms and Conditions of the Notes (terms defined in the Terms and Conditions shall, insofar as the context so admits, have the same meaning when used herein), of the principal of, interest (if any) on, and any other amounts and considerations payable under this Note upon the following terms:

(1) In the event of any failure by the Issuer to pay punctually any such principal, interest (if any) or other amount or consideration, the Guarantors agree to cause each and every such payment to be made as if the Guarantors instead of the Issuer were expressed to be the primary obligor of this Note or, as the case may be, of any coupons appertaining hereto to the intent that the holder shall receive the same amounts in respect of principal, interest (if any) or such other amount or consideration as would have been receivable had such payments been made by the Issuer.

(2) The Guarantors agree that its obligations under this Guarantee shall be unconditional and irrevocable, irrespective of the validity, regularity or enforceability of any Note or any coupon, the absence of any action to enforce the same, the recovery of any judgement against the Issuer or any action to enforce the same or any circumstance which might otherwise constitute a discharge or defence of a guarantor.

(3) The Guarantors confirm with respect to each Note (and coupon, if any) and the indebtedness evidenced thereby, that it does not have and will not assert as a defence to any claim hereunder any right to require any proceedings first against the Issuer nor will it assert as a defence to any claim hereunder any lack of diligence, presentment to the Issuer or the Paying Agents, any demand for payment from the Issuer or the Paying Agents, any filing of claims with any court in the event of merger, insolvency or bankruptcy of the Issuer, any protest, notice or any other demand whatsoever (other than a demand for payment of this Guarantee) and the Guarantors covenant that this Guarantee will not be discharged except by complete performance of the obligations contained in each Note (and coupon, if any) and in this Guarantee.

(4) This Guarantee constitutes a direct, unconditional, irrevocable, unsubordinated and (subject to the provisions below) unsecured obligation of the Guarantors and ranks pari passu (subject to mandatory preferred debts under applicable laws) equally and rateably with all other present and future outstanding unsecured and unsubordinated obligations of the Guarantors including deposits received by it in its banking business.

(5) The Guarantors agree that it shall comply with and be bound by those provisions contained in the Terms and Conditions of the Notes which relate to it.

(6) This Guarantee is governed by, and shall be construed in accordance with, the laws of Belgium. Claims against the Guarantors thereunder may be brought before any competent court in Brussels, to the non-exclusive jurisdiction of all of which the Guarantors hereby submit.

In witness whereof the Guarantors has caused this Guarantee to be duly executed.

Dated as of the Issue Date

Fortis SA/NV

Fortis N.V.

THE INFLATION INDEX

ALL INFORMATION CONTAINED IN THIS OFFERING CIRCULAR REGARDING THE INFLATION INDEX (THE "**INFLATION INDEX**" OR THE "**INDEX**" OR THE "HICP") HAS BEEN REPRODUCED FROM INFORMATION PUBLISHED BY THE ANNOUCER OF THE INDEX OR OTHER PUBLICLY AVAILABLE INFORMATION. THE ISSUER HAS NOT PARTICIPATED IN THE PREPARATION OF SUCH INFORMATION NOR MADE ANY DUE DILIGENCE INQUIRY WITH RESPECT TO THE INFORMATION PROVIDED THEREIN OR HEREIN AND ASSUMES NO RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF SUCH INFORMATION.
INVESTORS IN THE NOTES ARE URGED TO CONDUCT THEIR OWN INVESTIGATION INTO THE INDEX. THE ISSUER MAKES NO REPRESENTATION THAT SUCH INFORMATION REGARDING THE INDEX IS ACCURATE OR COMPLETE. FURTHERMORE, THERE CAN BE NO ASSURANCE THAT ALL EVENTS OCCURING PRIOR TO THE DATE OF THIS OFFERING CIRCULAR (INCLUDING EVENTS THAT WOULD AFFECT THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION) THAT WOULD AFFECT THE INDEX HAVE BEEN PUBLICLY DISCLOSED. SUBSEQUENT DISCLOSURE OF ANY SUCH EVENTS OR THE DISCLOSURE OR FAILURE TO DISCLOSE MATERIAL FUTURE EVENTS CONCERNING THE INDEX COULD AFFECT THE TRADING PRICE AND REDEMPTION VALUE OF THE NOTES.

The Inflation Index is calculated and published by EUROSTAT. EUROSTAT is the Statistical Office of the European Communities, established in 1953. Its mission is to gather and analyse figures from the different European statistics offices in order to provide comparable and harmonised data to the European Institutions so they can define, implement and analyse Community policies.
Its data cover the European Union, its Member States and its partners, and are published under a variety of Themes and Collections.

The level of the Inflation Index can be found on website pages :
http://europa.eu.int/comm/eurostat/Public/datashop/print-product/EN?catalogue=Eurostat&product=1-pr042idx-EN&mode=download.

The following is an extract from such pages:

Statistics for Economic and Monetary Union (euro-zone) and European Union (EU-15)

Harmonised indices of consumer prices - All items excluding tobacco – Index
Prices (gross data) - Monthly data

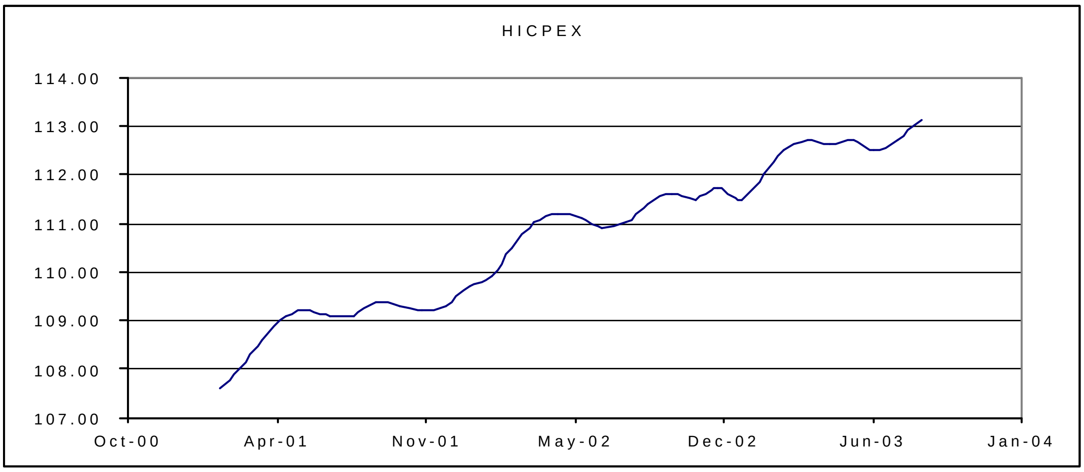
HICPs are harmonized inflation figures required under Article 121 of the Treaty of Amsterdam (109j of Treaty on European Union). They are designed for international comparison of consumer price inflation. The focus is on quality and comparability among the indices of different countries as well as on their relative movements.

	euro-zone
2002m05	110.7
2002m06	110.7
2002m07	110.6
2002m08	110.6
2002m09	110.9
2002m10	111.2
2002m11	111.1
2002m12	111.6
2003m01	111.4
2003m02	111.9
2003m03	112.5
2003m04	112.7
2003m05	112.6
2003m06	112.7

2003m07	112.5
2003m08	112.7
2003m09	113.1

"euro-zone" means, Belgium, Germany, Greece (from January 2001), Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland.

The chart hereafter shows the evolution of the Index during the period from January 2001 until October 2003. In September 2003, the value of the Index was 113.10 .



Methodological notes :

Harmonized Indices of Consumer Prices (HICPs) are produced and published monthly. They are central indicators for ESCBs/ECBs single monetary policy for the euro-zone as they form the basis of the Monetary Union Index of Consumer Prices (MUICP). HICPs provide the best statistical basis for international comparisons of consumer price inflation in the European perspective. HICPs cover virtually all areas of household final monetary consumption expenditure (HFMCE).

The relative distribution of consumers' expenditure on individual products varies from country to country. Hence, there is no *uniform basket* applying to all Member States. Owner occupiers' shelter costs, where expressed as imputed rents or mortgage interest payments, are not regarded as part of the inflationary process and hence excluded.

The weights used in the compilation of HICPs may relate to a reference period up to seven years prior to the current year. However, adjustments must be made each year for especially large changes in the expenditure pattern. This minimises disparities arising from different up-date frequencies.

In order to keep HICPs broadly in step with each other and up-to-date in terms of market developments, new products must be included when they achieve a significant relative importance. HICPs must be shown to be based on appropriate sampling procedures, taking into account the national diversity of products and prices. The samples must be kept well up-to-date, in particular by banning the practice whereby *missing* prices are simply assumed to be equal to the last observed prices. In order to measure *pure* price changes, the prices included in HICPs need to be adjusted for changes in the quality of products. Certain inappropriate practices, such as *automatic linking*, have been ruled out in this context. Furthermore, HICPs have to be compiled using specified formulae.

The eurozone harmonized index of consumer prices (HICP), published by Eurostat, measures the level of prices for market goods and services consumed by households in the eurozone. The eurozone HICP is the aggregate of the member states' HICPs. And the eurozone is considered as an entity regardless of the elements of which it is composed.

The HICP is said to be harmonized because the methodology and nomenclatures for the index of prices are the same for all of the countries in the eurozone and the European Union (this is required by article 121 of the European Union Treaty). This makes it possible to compare inflation among different member states of the European Union. Emphasis is placed on the quality and comparability of the various countries' indices.
In the year N, each country's weight in the eurozone HICP equals the share of this country in the eurozone final household consumption for the year N-2. These weights are re-estimated every year in the publication of the January eurozone HICP.
The HICP is calculated as an annual chained-index, which makes it possible to change the weights every year.
Thus, the integration of new entrants in the eurozone HICP is easy, as was the case with Greece in January 2001. If a new entrant joins in the year N, it is included in the eurozone HICP starting from January N. The new member state's weight is included in the annual revaluation of the HICP for the year N. As a result, further enlargement of the EMU will not in any way hinder the indexation.

	EMU 2002 HICP weighting
Austria	3.187
Belgium	3.40
Finland	1.596
France	20.426
Germany	30.579
Greece	2.47
Ireland	1.254
Italy	19.232
Luxembourg	0.256
Netherlands	5.203
Portugal	2.046
Spain	10.351
EMU Total	**100.00**

The HICP covers almost all eurozone household consumption (99.1% of the theoretical coverage).

Release dates:
The HICP ex-tobacco is published every month by Eurostat according to a pre-determined, official timetable. Publication generally occurs around the 16th-18th of the following month (for example, the March HICP is published around April 16th-18th). If a revision is made, it is published with the HICP of the following month.
For the index to which the issue is linked, only the first publication of the HICP (around the 16th-18th of month m+1) is relevant.

All information on the Inflation Index will be available at the offices of the Paying Agents during normal business hours.

DESCRIPTION OF THE ISSUER AND THE GUARANTORS

Overview

Fortis is an international financial services provider active in the fields of insurance, banking and asset management. Fortis has strong roots in the Benelux countries (Belgium, The Netherlands and Luxembourg) and has particular strength in delivering insurance products through its banking distribution network of bancassurance. Outside its home market, Fortis concentrates on selected market segments in Europe, Asia and the United States. In the United States Fortis has operations through Fortis, Inc., primarily in specialty insurance.

Fortis ranks as one of the two largest providers of integrated financial services in the Benelux countries in terms of total assets catering to approximately seven million customers through an extensive branch network worldwide and 8,500 insurance brokers. Management believes Fortis is ranked number one in private banking and number two in asset management in the Benelux based on assets under management as of 31 December 2002. In addition, Fortis was Europe's 19th largest financial institution in terms of market capitalisation as of 31 December 2002 and was Europe's 17th largest bank in terms of assets as of 31 December 2001. Total assets of Fortis per 31 December 2002 amounted to EUR 486 billion.

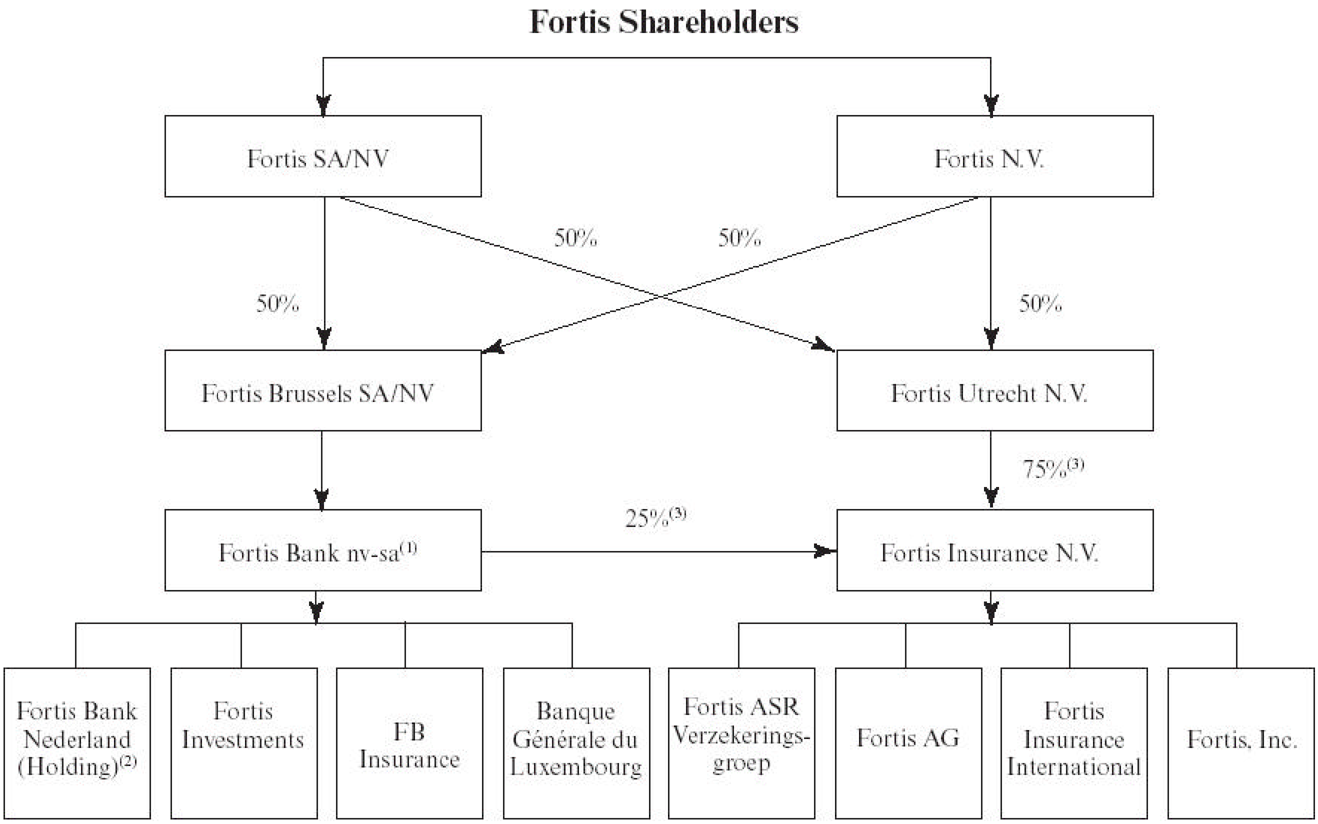
Net operating profit after unrealised capital losses 2002 amounted to EUR 430 million, compared to EUR 2.267 million in 2001 and EUR 2.355 million in 2000. The developments on the equity markets in 2002 depressed the market value of equity investments to such an extent that it fell below its original cost for the first time in Fortis' history. On 31 December 2002 Fortis charged the difference of EUR 1,032 million between the equity investments' market value and their original cost as unrealized capital losses on the investment portfolio to the profit and loss account. Excluding this charge net operating profit amounted to EUR 1,461 million.

Fortis distinguishes Insurance, Banking and General operations. Banking operations contributed EUR 1.155 million to net operating profit 2002, while insurance operations reduced the overall net operating profit with EUR 616 million. In 2001 banking and insurance operations contributed respectively EUR 1.209 million and EUR 1.238 million, in 2000 respectively EUR 1.265 million and EUR 1.313 million. General operations account for the difference with the overall net operating profit.

Listing and legal structure

The Fortis Share is listed on the Primary Market of Euronext Brussels and on the Official Segment of the stock market of Euronext Amsterdam. A secondary listing for the Fortis Share is maintained on the Luxembourg Stock Exchange. Fortis also has a sponsored over-the-counter ADR programme for Fortis Shares in the United States.

The diagram below summarises the legal structure of Fortis as of 31 December 2002.



(1) Fortis Bank nv-sa is the successor to the merger of Generale Bank and ASLK-CGER Bank.

(2) Fortis Bank Nederland (Holding) is the successor to the merger of VSB Bank, Generale Bank Nederland and MeesPierson.

(3) Fortis Bank nv-sa holds cumulative preference shares in Fortis Insurance N.V. Fortis Utrecht N.V. holds 100 per cent. of the ordinary shares in Fortis Insurance N.V. The percentage interests included in the table represent voting interest.

Fortis Brussels and Fortis Utrecht N.V. are the sub-holding companies of Fortis SA/NV and Fortis N.V. They hold substantially all of the assets of the Fortis group, are subject to regulation by governmental bodies and produce separate financial statements which are deposited with governmental bodies.

Legal entities are grouped in two distinct pools of activity: one for insurance and the other for banking and asset management. These groupings reflect in part the use of two primary channels for distributing Fortis' products, intermediaries (brokers and agents), and proprietary distribution networks (bank branches). All insurance activities worldwide (other than bancassurance, which remains under the banking group), have been aggregated to form the building blocks of a single, Netherlands-based, insurance group, headed by Fortis Insurance N.V. The aggregated banking activities are headed by Fortis Bank nv-sa.

Insurance

Fortis offers a comprehensive range of life and non-life insurance products in Belgium and The Netherlands. Fortis' group of Belgian insurance companies is the leading group of insurance companies in Belgium based on 2002 gross premiums written, the most recent year for which such information is available. Fortis believes that its group of Dutch insurance companies, which includes ASR acquired at the end of 2000, ranks as the second largest insurer in The Netherlands based on 2002 gross premiums written based on Fortis' analysis of publicly available information.

Fortis, through Fortis, Inc., also offers a range of life and non-life products in the United States with an emphasis on pre-need, health and credit-related insurance and other specialty markets in which Fortis believes it can achieve leading market shares. Fortis' acquisition of ABI in 1999 significantly increased its operations in the United States.

In addition, Fortis offers life and non-life products in a number of other countries around the world, including France, Spain, the United Kingdom and Luxembourg. In Spain, Fortis offers through its bancassurance joint venture CAIFOR a broad range of products and is the leading provider of life insurance to individuals based on technical provisions as of 31 December 2002.

Fortis' product offerings are more specialised in other countries. In February 2001, Fortis announced a joint venture in bancassurance with Maybank, the largest financial services group in Malaysia. In December 2001 Fortis began a life business in China through a 24.9 per cent. stake in Tai Ping Life.

Banking

Fortis offers a wide range of retail and commercial banking, corporate banking, private banking, investment banking and asset management services in the Benelux countries (Belgium, The Netherlands and Luxembourg). Fortis offers a more selective range of financial products outside the Benelux. As of March 2000, Fortis began offering most of its banking services under the core brand name Fortis Bank.

In June 1999 Fortis merged ASLK-CGER Bank with Generale Bank to form Fortis Bank and Generale Bank Nederland with VSB Bank to form Fortis Bank (Nederland). MeesPierson merged with Fortis Bank (Nederland) in June 2000. Fortis' combined banking operations are managed as an integrated banking group, operating under one brand name.

In Luxembourg, Fortis completed the integration of Banque Générale du Luxembourg (BGL) with Fortis Bank Luxembourg during 2001, and on 26 November 2001 the legal merger between both banks was completed. Fortis had previously increased its stake in BGL from 53.0 per cent. to 97.7 per cent. in 2000.

Asset Management

The activities of the Private & Professional Investment Services business consists of Private Banking, Asset Management and Information Banking, which are all key elements in Fortis's asset building strategy.

Fortis's private banking operations trade internationally under the name "MeesPierson, the Private Bankers of Fortis". MeesPierson will use its domestic leadership to expand its position in selected markets outside the Benelux countries. Use of the international Fortis network and carefully targeted acquisitions will help it to expand its portfolio of high-net-worth individuals. The ongoing diversification of tailored financial and trust activities will underpin organic growth. At the same time, MeesPierson will continue to do its utmost to boost operational performance and efficiency.

Fortis Investments is Fortis's autonomous asset manager. With its base of operations in Europe and offices in the United States and Asia, it is active worldwide. Fortis Investments's activities are diversified, ranging from institutional portfolio management to the development, distribution and management of investment funds. Fortis Investments aims to provide innovative and high-quality investment solutions and support to both its retail and institutional clients.

Information Banking provides integrated services in four areas to professional investors with worldwide operations in the financial markets, such as institutional investors, pension funds, insurance companies, asset managers, hedge fund managers, banks, market makers and stock brokers. As a general custodian, Information Banking processes and manages international securities transactions and portfolios. It also provides financing and clearing services to institutional customers, traditional and alternative investment funds and brokerage firms. Additionally, Information Banking is active in securities lending. Finally, it provides administrative services for offshore investment funds.

History of Fortis

Fortis was created in 1990 when AG Group (now Fortis SA/NV), a large Belgian insurer, and AMEV/VSB (now Fortis N.V.), a large Dutch insurer, merged their respective operations. The parent companies, FortisSA/NV and Fortis N.V., remain separate legal entities. At the time of the merger, Fortis SA/NV held a strong position in the Belgian insurance market and was a market leader in various sectors but had a fairly restricted international presence and only minimal banking interests, while Fortis N.V. held a relatively strong position in the Dutch insurance market and enjoyed a fairly strong international insurance position. Since the merger, the operating businesses of Fortis have been managed together. Fortis is not a legal entity but collectively refers to Fortis SA/NV and Fortis N.V. and the group of companies owned and/or controlled by Fortis SA/NV and Fortis N.V. Since its formation, Fortis has grown significantly through both organic development and acquisitions.

Evolution insurance

In May 2002 Fortis AG signed an agreement with Security Capital European Realty concerning the acquisition of Bernheim Comofi. This transaction diversifies the real estate portfolio of Fortis AG and strengthens the position of Fortis Real Estate as a leader in the real estate asset management business in Belgium. The purchase price of EUR 525 million has been fully paid in cash.

In The Netherlands Fortis acquired Interlloyd in 1991. December 2000, Fortis made its most significant acquisition in The Netherlands with the purchase of ASR. In April 2001 ASR and AMEV Nederland were merged to form Fortis ASR Verzekeringsgroep N.V.

As a result of the foregoing developments, Fortis is now the largest insurer in the Benelux region and the second largest insurer through intermediaries in The Netherlands (based on consolidating each insurer's 2002 activities and our comparing the consolidated activities to other insurers' publicly available information for 2002).

In the United States Fortis acquired the Mutual Benefit Life group disability and life portfolio in 1991, which strengthened its position in these sectors. In 1997, Fortis acquired three insurance companies in the United States in specific market segments. In 1998, Fortis completed the acquisition of John Alden, an independent provider of health insurance and services for small businesses in the United States. In 1998, Fortis also completed the acquisition of Pierce National Life Insurance Company, a U.S. pre-arranged funeral insurance company. In August 1999 Fortis acquired ABI, a leading credit-related insurer. In July 2000, Fortis acquired American Memorial Life Insurance Company and remains one of the largest providers of prepaid funeral insurance in the United States. In July 2001 Fortis agreed to acquire Protective Life Corporation's dental benefits division and acquired CORE, Inc., a leading provider of employee absence management in the United States and a provider of disability reinsurance and management services to insurance carriers.

Internationally Fortis entered into a joint venture with one of Spain's leading banks, La Caixa in 1992. The subsidiaries of this joint venture (known as CAIFOR) are SegurCaixa, a non-life insurer, and VidaCaixa, a life insurer, which distribute their products through the bank branches of La Caixa. In 1997 Fortis acquired an insurance broker in the United Kingdom, which was strengthened in 1999 with the purchase of Northern Star. The merged companies operate under the Fortis Insurance Ltd. In February 2001, Fortis entered into a bancassurance joint venture with Maybank, Malaysia's largest bank. In October 2001, Fortis announced its acquisition of 24.9 per cent. of Tai Ping Life, a Chinese life insurance company that has a nationwide licence for selling life insurance products in the People's Republic of China. In November 2001, Fortis and Haitong Securities, one of the largest securities companies in China signed a Strategic Alliance Agreement in investment management.

Fortis also made a number of divestitures during this period of companies that did not meet its investment criteria, including its Hong Kong insurance operations, U.S. motor insurance, U.S. variable life insurance and annuity business (Fortis Financial Group), its Australian insurance operations, life insurance in the United Kingdom and Denmark, non-life insurance in France and Ireland and a joint venture in Singapore (Keppel).

Evolution banking

Fortis has also strengthened its Benelux banking activities since 1990 through acquisitions. In 1993, Fortis acquired a controlling interest in ASLK-CGER Bank, thus substantially broadening and strengthening Fortis' banking and bancassurance activities and expertise in Belgium. Fortis increased its stake in ASLK-CGER Bank through the acquisition of an additional 25 per cent. interest in 1997 and acquired the remaining approximately 25 per cent. of ASLK-CGER Bank from the Belgian government in January 1999. In 1995, Fortis, through ASLK-CGER Bank, acquired CI-KN Bank, a Belgian retail bank, which was fully merged into ASLK-CGER Bank in 1997.

At the beginning of 1997 Fortis acquired The Netherlands-based merchant bank MeesPierson. This acquisition significantly strengthened Fortis' private, corporate and investment banking activities. It also provided Fortis with a major increase in the level and scope of its asset management activities.

In July 1998, Fortis acquired Generale Bank. This acquisition, which was the most significant in Fortis' history, is given effect under GAAP in accordance with Belgian law as if it had been completed on 1 January 1998. ASLK/CGER and Generale Bank were merged to formally create Fortis Bank in June 1999. In 2000, Fortis strengthened its position in the Benelux by increasing its stake in BGL from 53.0 per cent. to 97.7 per cent..

In April 2000, Fortis Bank exercised its option to buy the remaining 70 per cent. of the shares in the Spanish bank Beta Capital, of which it had owned 30 per cent. since 1999. Beta Capital, whose head office is in Madrid, is primarily engaged in private banking and brokerage in the Spanish market. In September 2000, Fortis Bank increased its stake in Bank Belgolaise from 60 per cent. to almost 100 per cent. after a successful public offer.

In July 2002 Fortis announced that it has completed the 100 per cent. acquisition of Intertrust Group, an international trust and corporate management organisation. The purchase price has been fully paid in cash. Fortis divested its operational car lease company TOP lease in 2002.

Strategic Direction

Goals

Since Fortis' formation in 1990, Fortis has built leadership positions in its home market of the Benelux, in life and non-life insurance, retail and commercial banking, private banking, asset management and certain merchant banking activities. The acquisition of Generale Bank significantly enhanced its market position in banking and asset management in the Benelux. It has also broadened its distribution channels in its core Benelux markets and increased the scale of its operations internationally, particularly in Europe and Asia. Having completed the acquisition of ASR in December 2000, Fortis' primary attention has shifted from consolidating its position in its Benelux home markets through acquisitions to growing into a single strong efficient customer focused company, focusing on core businesses and developing solid growth platforms in Europe, the United States and Asia. Fortis' goal is to become the preferred supplier of financial services in its chosen markets.

Competitive Strengths

Fortis believes that there are certain characteristics that set it apart from its competitors in its core Benelux markets and which contribute generally to its strength.

- Fortis has a clear strategy focused on the growing savings market in the Benelux. This strategy is designed to reach its existing and expanding customer base by offering many products using multiple channels of distribution, with a particular emphasis on its strength in bancassurance, where Fortis intends to leverage its success.
- Fortis' market position in banking and insurance in the Benelux countries has provided it with stable earnings and cash flow. This has enabled it to finance its strategy of strengthening its home market position while expanding selectively internationally.
- Fortis has been able to increase or maintain its market share in the Benelux despite intense competition.Fortis' stated strategic objectives consist of improving significantly its home market performance, exploring European leadership opportunities and expanding Fortis' presence in selected regions around the world. In order to implement its stated objectives, there are three basic principles underlying the strategic direction of Fortis:

reinforcing Fortis' position in the Benelux by focusing on serving customers and reducing costs;

- using Fortis' Benelux platform to expand in certain businesses in Europe with a focus on the development of asset gathering activities; and
- diversifying Fortis' business development through development in Asia and the United States.

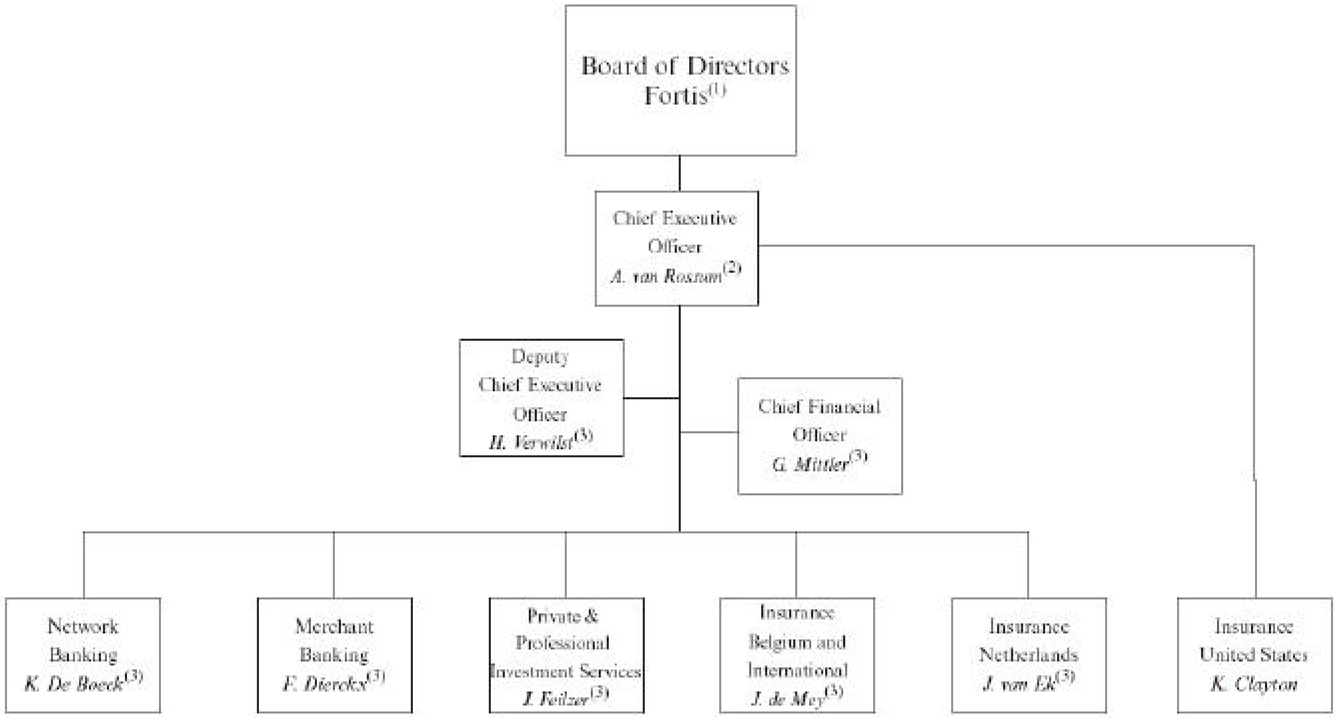
Financial Targets

Fortis has pursued and will continue to pursue its stated strategic objectives within the overall context of providing sustainable high value creation for its shareholders. In this regard, Fortis has stated minimum financial targets relating to annual earnings growth and returns on equity.

Fortis' minimum financial targets include at least a 12 per cent. growth in net operating profit per share and at least 15 per cent. return on equity.

Corporate governance

The diagram below outlines Fortis' operating and management structure.



(1) Members of the Board of Directors of Fortis are also directors of Fortis N.V. and Fortis SA/NV and the sub-holding companies, Fortis Utrecht N.V. and Fortis Brussels, through which Fortis operates its insurance and banking and asset management businesses.

(2) Mr. van Rossum is a member of the Fortis Board of Directors and Chairman of the Executive Committee.

(3) Member of the Executive Committee.

The Fortis Boards of Directors

The boards of directors of Fortis SA/NV and Fortis N.V. (the "Fortis Board of Directors") are composed of the same members and function as a single Fortis board of directors. The Fortis Board of Directors consists of a maximum of 17 members: one executive member, being the Chief Executive Officer, and a maximum of 16 non-executive members. The scope of activity of the non-executive members of the Fortis Board of Directors involves the general course of affairs.

The Fortis Board of Directors is responsible for the general business of the Group and for monitoring and checking the Group's financial status. The Fortis Board of Directors meets at least seven times a year, according to a fixed timetable, and on as many other occasions as the group's interests require. The Fortis Boards of Directors' working methods, meetings and decision-making process are specified in the board rules.

On 30 June 2003, the composition of the Fortis Board of Directors, Fortis N.V. and Fortis SA/NV is as follows:

Name	Position	Director Since	Term Expires
Count M. Lippens	Director Fortis (Chairman)	1981	2005
J.R. Glasz	Director Fortis (Chairman)	1989	2005
Viscount E. Davignon	Director Fortis (Vice Chairman)	1989	2004
J.J. Slechte	Director Fortis (Vice Chairman)	1996	2006
A. van Rossum	Director Fortis (Chief Executive Officer)	2000	2004
Baron V. Croes	Director Fortis	1987	2004
Baron D. Janssen	Director Fortis	1999	2005
Ms. A.J.M. Roobeek	Director Fortis	1994	2005
P. Speeckaert	Director Fortis	1989	2004
Baron P. Van Waeyenberge	Director Fortis	1988	2004
N.J. Westdijk	Director Fortis	1996	2006

J-M. Hessels	Director Fortis	2001	2004

The Fortis Board of Directors may institute from among its members all committees that it considers useful. The board rules govern the composition and responsibilities of these committees. Currently, the Fortis Board of Directors has established four committees: the Compensation and Nominating Committee, the Audit Committee, the Risk and Capital Committee and the Chairmen's Committee. Each committee is chaired by both chairmen of the Fortis Board of Directors.

- The Compensation and Nominating Committee advises the Fortis Board of Directors on matters concerning remuneration and (re)appointment policy for the Fortis Board of Directors and Executive Committee members and on Fortis's employee and management stock and option plans.
- The Audit Committee helps the Fortis Board of Directors to fulfill its responsibility for the quality of the financial and management information, the appraisal of financial results and the quality of internal and external auditing. It also oversees the quality and accuracy of the information provided to shareholders, management bodies and external regulators, the consistent application of accounting policies, risk reporting and business operations. The Audit Committee has six members, none of whom bear any responsibility for day-to-day management.
- The Risk and Capital Committee advises the Fortis Board of Directors on matters relating to Fortis' solvency and risk profile.
- The Chairmen's Committee is responsible for preparing the meetings of the Fortis Board of Directors. It also discusses the strategic proposals the CEO intends to present to the Fortis Board of Directors, informs the Board of its findings and provides the CEO with a sounding-board during the implementation of strategic plans that the Board has approved.

In early 2001, Fortis set up an International Advisory Council which is currently comprised of eleven persons with a diversity of backgrounds and from different geographical areas in which Fortis is active, and which is a general advisory body for the Fortis Board of Directors.
The boards of directors of the sub-holding companies, Fortis Brussels and Fortis Utrecht N.V., are composed of the same members as the Boards of Directors of the parent companies Fortis SA/ NV and Fortis N.V., and are responsible for strategic and financial development and control, capital allocation and the representation of Fortis with external constituencies.

The Fortis Executive Committee

Fortis' Executive Committee has eight members, of whom only the chairman – the CEO – has a seat on the Board of Directors. With the exception of the CEO, the members of the Executive Committee are appointed by the Fortis Board of Directors at the CEO's recommendation. As a member of the Fortis Board of Directors, the CEO is appointed by the General Meeting of Shareholders at the Board's recommendation.

Fortis' Chief Executive Officer is responsible for the day-to-day management of Fortis, for setting the strategic priorities for Fortis' development and for implementing these plans after the Fortis Board of Directors has approved them. Among other things, the Executive Committee makes proposals in this regard for acquisitions, divestitures and capital allocation. The CEO then submits these plans for the approval of the Fortis Board of Directors.

The Executive Committee consists of the following members who, with the exception of the CEO, hold permanent executive positions at other Fortis companies and are responsible for the organization and development of their specific businesses. The CEO of Fortis, Inc. reports directly to Anton van Rossum, the Chief Executive Officer.

A. van Rossum	Chief Executive Officer
H. Verwilst	Deputy Chief Executive Officer
G. Mittler	Chief Financial Officer
K. De Boeck	CEO Network Banking
F. Dierckx	CEO Merchant Banking
B. J. H. S. Feilzer	CEO Private & Professional Investment Services
J. De Mey	CEO Insurance Intermediaries: Belgium & International
J. Van Ek	CEO Insurance Intermediaries: The Netherlands

Management of businesses

Fortis has organized its activities in a number of businesses:

- *Insurance Belgium and International:* this business serves independent insurance intermediaries in Belgium and insurance intermediaries/bancassurance internationally (other than The Netherlands, Belgium and the United States);

- *Insurance Netherlands:* this business serves independent insurance intermediaries in The Netherlands;
- *Insurance United States:* this business primarily serves insurance customers in the United States;
- *Network Banking:* this business includes retail and commercial banking. As an integrated bancassurer FB Insurance forms part of retail banking, although for financial reporting purposes FB Insurance's results are included in the insurance segment;
- *Merchant Banking:* this business serves institutional and professional customers as well as large enterprises; and
- *Private & Professional Investment Services:* this business serves individuals, institutional investors and institutions as well as the insurance and banking arms of Fortis.

To leverage the Asia strategy, a CEO has been appointed for Fortis Asia. He is responsible for the development and management of Fortis banking and insurance operations in Asia.

Fortis believes that this structure ensures the greatest management efficiency, the widest development of commercial opportunities, the most effective integration of businesses and the optimal use of available skills and best practices within Fortis.

Regulation

Fortis Audit Services reports to the Audit Committee and twice a year issues an opinion regarding Fortis internal audit systems. In addition to the regular audits, specific topics are also audited every year.

External auditing is done jointly by KPMG and PricewaterhouseCoopers.

Once a year Fortis Compliance reports on legal compliance to the Audit Committee.

Fortis's combined banking and insurance activities are subject to the supervision of the Belgian and Dutch banking and insurance regulatory authorities. The coordination of these regulatory bodies' respective scope is laid down in an agreement, which was renewed on 28 February 2002. The new agreement between the four regulators concerned stipulates that each will continue to perform sector supervision of the relevant activities of Fortis entities in their jurisdiction. Supplementary cross-border supervision at a Fortis-wide level is exercised jointly by the four regulators. The Belgian Banking and Finance Commission has been designated as coordinator, as it oversees the largest part of Fortis's operations, measured by total assets and solvency requirements. Each country in which Fortis has operations also has, of course, its own national body for the regulation of local activities.

Fortis Finance N.V.

Fortis Finance N.V. is a wholly owned indirect subsidiary of Fortis SA/NV and Fortis N.V.

Fortis Finance N.V. was incorporated under the laws of The Netherlands on 28 June 1977. Its registered and principal office is at Archimedeslaan 6, 3584 BA Utrecht, The Netherlands. Its issued and paid up share capital amounts to EUR 500,000 divided into 1,000 fully paid up shares of EUR 500 each. Fortis Finance N.V. is registered with the Trade Register of the Chamber of Commerce and Industry at Utrecht with the file number 30055940.

The principal object of Fortis Finance N.V. is to provide financial services to companies of Fortis, including the Guarantors.

Fortis N.V.

Fortis N.V. is incorporated as a public limited liability company ("naamloze vennootschap") under Dutch law. Fortis N.V. has its corporate seat in Utrecht, The Netherlands, with its head office at Archimedeslaan 6, 3584 BA Utrecht, The Netherlands, and is registered under number 30072145 with the Trade Register at the Chamber of Commerce of Utrecht, The Netherlands.

Fortis N.V. is one of the two Fortis listed companies (the other being Fortis SA/NV). The corporate object of Fortis N.V. is mainly to acquire interests in enterprises and to manage and finance the same.

Fortis N.V. holds 50 per cent. of the shares and voting rights in Fortis through its 50 per cent. shareholding in Fortis Brussels (which controls the vast majority of the group's banking interests) and in Fortis Utrecht N.V. (which controls the vast majority of the group's insurance interests).

The authorised share capital of Fortis N.V. amounts to EUR 1,738,800,000 and is divided into 1,820,000,000 ordinary shares with a nominal value of EUR 0,42 per ordinary share, 2,070,000,000 Cumulative Preference A Shares with a nominal value of EUR 0,42 per Cumulative Preference A Share, and 250,000,000 Cumulative Preference B Shares with a nominal value of EUR 0,42 per Cumulative Preference B Share. The Cumulative Preference A Shares and Cumulative Preference B Shares will only be in registered form.The ordinary shares may be held, at the option of the shareholder, in bearer or registered form.

On 30 June 2003, 1,295,379,559 ordinary shares (twinned with an equal number of Fortis SA/NV shares) were issued and outstanding (upon economical withdrawal of shares issued under the FRESH-agreement). All issued and outstanding ordinary shares are fully paid up. No Cumulative Preference A Shares or Cumulative Preference B Shares are currently outstanding.

The Board of Directors of Fortis N.V. consists of the same persons as the Fortis Board of Directors.

Fortis SA/NV

Fortis SA/NV is a public company with limited liability incorporated in the form of a “société anonyme / naamloze vennootschap” under Belgian law. Fortis SA/NV has its registered office at Rue Royale 20, 1000 Brussels, Belgium. The company is registered in the register of legal entities (“registre des personnes morales / rechtspersonenregister”) under number 0451 406 524.

Fortis SA/NV is one of the two Fortis listed companies (the other being Fortis N.V.). The corporate object of Fortis SA/NV is mainly to acquire interests in enterprises and to manage and finance the same.

Fortis SA/NV holds 50 per cent. of the shares and voting rights in Fortis through its 50 per cent. shareholding in Fortis Brussels (which controls the vast majority of the group’s banking interests) and in Fortis Utrecht N.V. (which controls the vast majority of the group’s insurance interests).

On 30 June 2003, the share capital of Fortis SA/NV was represented by 1,295,379,559 issued and outstanding ordinary shares (upon economical withdrawal of shares issued under the FRESH-agreement), without indication of nominal value (twinned with an equal number of Fortis N.V. shares). Shares are in bearer or registered form.

The Board of Directors is authorised to increase Fortis SA/NV’s capital, in one or more transactions, for up to a maximum amount of EUR 1,713,600,000, representing a number of 400,000,000 new ordinary shares to be issued. This authorisation is granted to the Board of Directors for a period of 3 years starting after the General Meeting of Shareholders of 27 May 2003. On 30 June 2003, this authorisation had not yet been used by the Board of Directors.

The Board of Directors of Fortis SA/NV consists of the same persons as the Fortis Board of Directors.

RECENT DEVELOPMENTS

On 20 June 2003 Fortis and Kredietbank Luxembourg (KBL) reached an agreement in principle, under which Fortis will sell to KBL its Dutch private banking subsidiary Theodoor Gilissen Bankiers N.V. in a cash transaction valued at approximately Eur 170 million. Finalisation of the deal is expected in the second half of 2003.

On 8 August 2003 Vidacaixa, which is a subsidiary of the Caifor Group owned by la Caixa and Fortis, signed an agreement to pay Eur 55 million for all the shares of Swiss Life (Espana), a subsidiary of the Swiss Life Group. The final approval of the authorities for this take over is expected before the end of 2003.

In August 2003 Fortis and Industrial and Commercial Bank of China (Asia) Limited ("ICBC (Asia)") entered into a non-legally binding memorandum of understanding in connection with a proposed merger of Fortis Bank Asia HK n.v.-s.a.'s ("FBAHK") retail and commercial banking operations (following a carve out of certain of FBAHK's European and corporate banking clients) into ICBC (Asia).

On 28 August 2003, Fortis published its 2003 half-year results reporting 21 per cent. lower net operating profit before realized capital gains, relative to the first half of 2002 (net operating profit decreased by 54 per cent. relative to the first half of 2002). Net profit decreased by 56 per cent. compared to the first half of 2002. Fortis also announced that it reduced its equity exposure by approximately EUR 2 billion in the first half of this year, realizing a loss of EUR 647 million.

On 25 September 2003, Fortis announced its intention to effect an initial public offering of shares in its US insurance operations (the "IPO"). On 24 October 2003, Fortis filed a registration statement with the U.S. Securities and Exchange Commission relating to the proposed IPO. It is anticipated that the IPO will take place during the course of 2004, subject to market conditions. Fortis intends to carry out a gradual divestment of its entire ownership interest in Fortis, Inc., but will continue to operate in the US in selected banking businesses that operate on a global platform, such as global markets, asset management, information banking and certain corporate banking businesses.

CAPITALISATION[1]

(in EUR million)

	30 June	31 December
	2003	2002
Net equity	10,242	10,871
Minority interest	2,171	2,231
Fund for general banking risks	2,214	2,215
Tier 1 loan Fortis Bank	1,000	1,000
Subordinated Convertible Notes (Fresh capital)	1,250	1,250
Total net core capital	**16,877**	**17,567**
Subordinated liabilities	8,661	8,724
Total risk bearing capital	**25,538**	**26,291**

The above table sets forth the capitalisation of Fortis. This table should be read in conjunction with the Consolidated Financial Information in respect of Fortis included on page 54 in this Offering Circular.

(1) There has been no material change since 30 June 2003, other than that which is disclosed in "Recent Developments" on page 49.

CONSOLIDATED FINANCIAL INFORMATION

Fortis has opted for consortium accounting following the 7th European Directive. This implies a consolidation of Fortis including its two listed parent companies. Fortis SA/NV and Fortis N.V.

The consolidated financial statements of Fortis included on pages 52 and 53 have been derived from the audited annual accounts for the year 2002 which have been prepared in accordance with applicable legal and regulatory requirements in Belgium.

The consolidated first half-year 2003 statements of Fortis, included on pages 54 and 55 have been derived from the unaudited interim results as of 30 June 2003.

The financial information of Fortis Finance N.V. included on pages 56 and 57 has been derived from the audited annual accounts for the year 2002.

The consolidated annual accounts of Fortis include the figures for Fortis SA/NV and Fortis N.V., as well as the companies in which they have a direct or indirect right to cast more than 50 per cent. of the votes at the General Meeting of Shareholders. Joint ventures whose activities are closely related to those of Fortis are consolidated on a proportional basis. Special Purpose Vehicles (SPV), which have been created in the context of securitisation and over which no control is exercised, are not included in the consolidation.

With effect from 1 January 1999, upon acquisition of companies to be consolidated in the annual accounts the assets and liabilities of the acquired company are restated at their fair value. Any remaining amount of goodwill is charged or credited in full to net equity. Goodwill arising on the acquisition of participating interests accounted for under the equity method is also charged or credited to net equity.

A list of all group companies and other participating interests has been filed with the National Bank of Belgium in Brussels and with the commercial register of the Chamber of Commerce in Utrecht. The list is available upon request, free of charge, from Fortis in Brussels and Utrecht.

FINANCIAL STATEMENTS FORTIS

Consolidated balance sheet
(before appropriation of profit)
(in EUR million)

	31 December 2002	31 December 2001	31 December 2000
Assets:			
Cash	4,484.8	5,094.2	6,110.3
Trading securities	14,518.2	19,447.0	13,362.9
Investments	140,098.7	147,676.3	134,203.0
Loans and advances to credit institutions	83,859.0	63,761.9	62,382.8
Loans and advances to customers	172,144.1	176,833.9	162,093.4
Reinsurers' share of technical provisions	6,131.6	6,890.8	4,943.6
Deferred acquisition costs	2,810.1	2,963.6	3,297.7
Prepayments and accrued income	27,856.7	19,844.9	17,037.9
Investments on behalf of policyholders	18,390.6	23,567.4	22,012.7
Other assets	15,471.6	16,889.9	12,638.4
Total assets	485,765.4	482,969.9	438,082.7
Liabilities: Amounts owed to credit institutions	96,548.4	96,337.3	94,174.3
Amounts owed to customers	177,635.3	179,687.2	145,752.0
Debt certificates	49,963.7	50,895.9	43,760.8
Technical provisions	61,735.9	59,533.4	56,130.2
Technical provisions related to investments on behalf of policyholders	18,563.5	23,084.9	21,690.1
Accruals and deferred income	26,614.6	19,772.6	15,824.0
Other liabilities	27,157.6	23,998.3	31,865.0
Convertible notes	1,256.2	1,257.3	1,257.3
Subordinated convertible note	1,250.0		
Subordinated liabilities	9,723.5	10,209.1	8,230.3
	470,448.7	464,776.0	418,684.0
Fund for general banking risks	2,215.0	2,216.7	2,042.9
Minority interests in group equity	2,230.8	2,132.7	2,159.0
Net equity:			
– Capital	6,279.9	6,084.9	428.4
– Share premium reserve	11,916.3	11,043.5	16,598.6
– Revaluation reserve	—	549.2	2,794.0
– Goodwill	(17,024.6)	(16,606.8)	(15,833.8)
– Other reserves	9,167.7	10,175.5	8,442.0
– Net profit for the year 2002	531.6	2,598.2	2,767.6
Net equity	10,870.9	13,844.5	15,196.8
Group equity	13,101.7	15,977.2	17,355.8
Total liabilities	485,765.4	482,969.9	438,082.7

Consolidated profit and loss account
(in EUR million)

	2002	2001	2000
Revenues			
Insurance premiums	18,494.7	18,162.3	15,783.7
Interest income.	26,352.6	23,764.8	25,713.1
Commissions and fees	1,857.8	1,978.4	2,163.6
Results from financial transactions	(3,331.9)	(1,306.8)	489.6
Other revenues	2,740.5	2,659.7	2,917.5
Total revenues	46,113.7	45,258.4	47,067.5
Interest expense	(19,477.4)	(16,914.3)	(19,402.9)
Total revenues, net of interest expense	26,636.3	28,344.1	27,664.6
Technical charges insurance	(12,896.1)	(13,440.2)	(13,463.3)
Value adjustments.	(790.9)	(625.8)	(619.5)
Net revenues.	12,949.3	14,278.1	13,581.8
Operating expenses.	(10,403.6)	(10,784.7)	(9,964.5)
Operating result before taxation	2,545.7	3,493.4	3,617.3
Taxation	(910.2)	(1,048.9)	(1,044.4)
Operating group profit	1,635.5	2,444.5	2,572.9
Minority interests	173.9	177.1	217.7
Net operating profit before unrealised capital losses	1,461.6	2,267.4	2,355.2
Unrealised capital losses on the investment portfolio of shares	(1,031.5)		
Net operating profit after unrealised capital losses	430.1	2,267.4	2,355.2
	===========	===========	===========
Non-operating items after taxation:			
Results from financial transactions	111.0	433.9	248.6
Other revenues	72.4	108.2	111.4
Value adjustments			157.5
Operating expenses	(111.0)	(342.3)	
Taxation	29.1	131.0	(105.1)
Total non-operating items after taxation	101.5	330.8	412.4
Net profit	531.6	2,598.2	2,767.6
Key figures per share (in EUR):			
Net operating profit	0.33	1.75	1.94
Net profit	0.41	2.01	2.28
Weighted Average Shares (in thousands)	1,294,417	1,293,282	1,214,964
Key figures per share, diluted (in EUR):			
Net operating profit	0.33	1.73	1.90
Net profit	0.41	1.98	2.23
Weighted Average Shares (in thousands)	1,294,530	1,334,374	1,259,183

Consolidated balance sheet
(before appropriation of profit)
(in EUR million)

	30 June 2003 (unaudited)	31 December 2002 (audited)
Assets:		
Cash	5,137.3	4,484.8
Trading securities	18,655.4	14,518.2
Investments	145,969.6	140,098.7
Loans and advances to credit institutions	80,978.4	83,859.0
Loans and advances to customers	176,812.1	172,144.1
Reinsurers' share of technical provisions	5,975.0	6,131.6
Deferred acquisition costs	2,751.3	2,810.1
Prepayments and accrued income	30,375.1	27,856.7
Investments on behalf of policyholders	18,995.8	18,390.6
Other assets	15,487.0	15,471.6
Total assets.	501,137.0	485,765.4
Liabilities		
Amounts owed to credit institutions	100,975.7	96,548.4
Amounts owed to customers	183,536.9	177,635.3
Debt certificates	48,268.8	49,963.7
Technical provisions	63,624.4	61,735.9
Technical provisions related to investments on behalf of policyholders	18,802.4	18,563.5
Accruals and deferred income.	31,081.5	26,614.6
Other liabilities	28,053.0	27,157.6
Convertible notes	1,256.2	1,256.2
Subordinated convertible note*	1,250.0	1,250.0
Subordinated liabilities*	9,661.6	9,723.5
	486,510.5	470,448.7
Fund for general banking risks*	2,213.6	2,215.0
Minority interests in group equity	2,171.2	2,230.8
Net equity	10,241.7	10,870.9
Group equity*	12,412.9	13,101.7
Total liabilities	501,137.0	485,765.4
*Risk-bearing capital	25,538.1	26,290.2

Consolidated profit and loss account
(in EUR million)

	First half-year 2003 (unaudited)	First half-year 2002 (unaudited)	Percentage change
Revenues:			
Insurance premiums	9,394.7	8,704.2	8
Interest income.	13,032.4	12,313.8	6
Commissions and fees	870.7	948.7	(8)
Results from financial transactions			
– on behalf of policyholders	200.4	(1,666.7)	—
– other	53.5	789.7	(93)
Other revenues			
– on behalf of policyholders	150.2	158.5	(5)
– other	1,105.3	1,172.4	(6)
Total revenues	24,807.2	22,420.6	11
Interest expense	(9,735.3)	(8,865.6)	10
Total revenues, net of interest expense	15,071.9	13,555.0	11
Technical charges insurance	(8,433.7)	(5,812.3)	45
Value adjustments.	(402.2)	(258.9)	55
Net revenues.	6,236.0	7,483.8	(17)
Operating expenses.	(5,173.6)	(5,276.1)	(2)
Operating result before taxation	1,062.4	2,207.7	(52)
Taxation	(213.7)	(642.1)	(67)
Operating group profit	848.7	1,565.6	(46)
Minority interests	73.3	86.3	(15)
Net operating profit before value differences	775.4	1,479.3	(48)
Value differences in the equity portfolio	(93.0)	—	—
Net operating profit after value differences	682.4	1,479.3	(54)
Non-operating items:			
– Reorganisation provision (Insurance)	(11.5)	(18.0)	—
– Reorganisation provision (Banking)	—	(32.7)	—
– Arbed (Banking)	—	18.1	—
– Toplease (Banking)	—	72.6	—
Non-operating items after taxation	(11.5)	40.0	—
Net profit	670.9	1,519.3	(56)

Notes to the 2002 accounts of Fortis

1 Consolidated equity roll-forward

Net equity at 31 December 2000		**15,196.8**
Issue of shares	101.4	
Repurchase and reissue of shares	8.6	
		110.0
Net profit		2,598.2
Dividend for 2000		(1,137.4)
Revaluations of investments	(1,757.4)	
Reversal of revaluations on sale of investments	(734.2)	
	(2,491.6)	
Taxation	214.8	
		(2,276.8)
Goodwill		(773.0)
Translation differences		94.7
Other changes in net equity		32.0
Net equity at 31 December 2001		**13,844.5**
Issue of shares		37.4
Net profit		531.6
Dividend for 2001		(1,136.9)
Revaluation of investments	(1,787.6)	
Reversal of revaluation on sale of investments	335.4	
	(1,452.2)	
Taxation	(81.0)	
		(1,533.2)
Goodwill		(417.8)
Translation differences		(300.7)
Other changes in net equity		(154.0)
Net equity at 31 December 2002		**10,870.9**

2 Information on segments

Fortis has identified different segments for reporting purposes: insurance, banking, and general. This segmentation is based partly on the different products and services and partly on the different reporting requirements for banking and insurance products. The general segment consists of activities not related to the banking or insurance businesses, such as group treasury and finance, and other holding activities.

The accounting policies of the different segments are the same and are described in note 4 “Principles of valuation and profit determination”.

The following table presents balance sheet information by segment:

	Insurance operations	Banking operations	General operations	Eliminations	Total
					31-12-2002
Assets					
Cash	1,970.7	3,290.7	11.5	(788.1)	4,484.8
Trading securities		14,518.2			14,518.2
Investments	49,999.1	89,978.6	121.0		140,098.7
Loans and advances to credit institutions	2,297.6	82,282.8		(721.4)	83,859.0
Loans and advances to customers	16,530.2	158,591.1	8,530.2	(11,507.4)	172,144.1
Reinsurers' share of technical provisions	6,131.6				6,131.6
Deferred acquisition costs	2,810.1				2,810.1
Prepayments and accrued income	1,248.2	26,652.2	476.7	(520.4)	27,856.7
Investments on behalf of policyholders	18,390.6				18,390.6
Other assets	6,026.0	10,067.5	3,816.5	(4,438.4)	15,471.6
Total assets	**105,404.1**	**385,381.1**	**12,955.9**	**(17,975.7)**	**485,765.4**
Liabilities					
Amounts owed to credit institutions	1,159.3	98,772.6	7.2	(3,390.7)	96,548.4
Amounts owed to customers		179,566.4		(1,931.1)	177,635.3
Debt certificates	6,718.3	40,230.3	10,434.7	(7,419.6)	49,963.7
Technical provisions	61,735.9				61,735.9
Technical provisions related to investments on behalf of policyholders	18,563.5				18,563.5
Accruals and deferred income	1,325.1	25,299.7	511.3	(521.5)	26,614.6
Other liabilities	7,358.8	20,565.1	879.7	(1,646.0)	27,157.6
Convertible notes	0.3		1,255.9		1,256.2
Subordinated convertible note			1,250.0		1,250.0
Subordinated liabilities	2,261.2	9,524.1	1,005.0	(3,066.8)	9,723.5
	99,122.4	373,958.2	15,343.8	(17,975.7)	470,448.7
Fund for general banking risks		2,215.0			2,215.0
Minority interest in group equity	752.0	954.3	524.5		2,230.8
Net equity	5,529.7	8,253.6	(2,912.4)		10,870.9
Group equity	6,281.7	9,207.9	(2,387.9)		13,101.7
Total liabilities	**105,404.1**	**385,381.1**	**12,955.9**	**(17,975.7)**	**485,765.4**

	Insurance operations	Banking operations	General operations	Eliminations	Total
					31-12-2001
Assets					
Cash	1,154.1	4,555.2	10.4	(625.5)	5,094.2
Trading securities		19,447.0			19,447.0
Investments	50,487.3	96,866.9	322.1		147,676.3
Loans and advances to credit institutions	1,971.2	62,459.9	5.0	(674.2)	63,761.9
Loans and advances to customers	16,121.2	164,089.8	6,371.8	(9,748.9)	176,833.9
Reinsurers' share of technical provisions	6,890.8				6,890.8
Deferred acquisition costs	2,963.6				2,963.6
Prepayments and accrued income	1,318.2	18,652.4	244.7	(370.4)	19,844.9
Investments on behalf of policyholders	23,567.4				23,567.4
Other assets	5,463.0	11,922.9	3,114.1	(3,610.1)	16,889.9
Total assets	**109,936.8**	**377,994.1**	**10,068.1**	**(15,029.1)**	**482,969.9**
Liabilities:					
Amounts owed to credit institutions	378.3	98,273.7	0.1	(2,314.8)	96,337.3
Amounts owed to customers		181,324.8		(1,637.6)	179,687.2
Debt certificates	4,601.4	42,415.9	8,652.1	(4,773.5)	50,895.9
Technical provisions	59,533.4				59,533.4
Technical provisions related to investments on behalf of policyholders	23,084.9				23,084.9
Accruals and deferred income	1,496.9	18,303.8	330.0	(358.1)	19,772.6
Other liabilities	10,584.5	15,767.9	334.1	(2,688.2)	23,998.3
Convertible notes	1.4		1,255.9		1,257.3
Subordinated liabilities	2,475.6	9,985.6	1,004.8	(3,256.9)	10,209.1
	102,156.4	366,071.7	11,577.0	(15,029.1)	464,776.0
Fund for general banking risks		2,216.7			2,216.7
Minority interest in group equity	694.5	798.6	639.6		2,132.7
Net equity	7,085.9	8,907.1	(2,148.5)		13,844.5
Group equity	7,780.4	9,705.7	(1,508.9)		15,977.2
Total liabilities	**109,936.8**	**377,994.1**	**10,068.1**	**(15,029.1)**	**482,969.9**

					31-12-2000
	Insurance operations	*Banking operations*	*General operations*	*Eliminations*	*Total*
Assets					
Cash	1,249.3	5,342.1	84.1	(565.2)	6,110.3
Trading securities		13,362.9			13,362.9
Investments	49,649.8	84,098.8	454.4		134,203.0
Loans and advances to credit institutions	1,632.8	61,159.0		(409.0)	62,382.8
Loans and advances to customers	14,837.4	149,840.1	3,575.3	(6,159.4)	162,093.4
Reinsurers' share of technical provisions	4,943.6				4,943.6
Deferred acquisition costs	3,297.7				3,297.7
Prepayments and accrued income	1,164.6	15,887.2	138.4	(152.3)	17,037.9
Investments on behalf of policyholders	22,012.7				22,012.7
Other assets	6,230.3	7,381.5	4,301.5	(5,274.9)	12,638.4
Total assets	**105,018.2**	**337,071.6**	**8,553.7**	**(12,560.8)**	**438,082.7**
Liabilities					
Amounts owed to credit institutions	402.0	94,301.6		(529.3)	94,174.3
Amounts owed to customers		148,367.6		(2,615.6)	145,752.0
Debt certificates	3,345.8	40,680.1	2,730.9	(2,996.0)	43,760.8
Technical provisions	56,130.2				56,130.2
Technical provisions related to investments on behalf of policyholders	21,690.1				21,690.1
Accruals and deferred income	452.7	15,667.0	149.2	(444.9)	15,824.0
Other liabilities	12,895.0	18,016.9	5,105.9	(4,152.8)	31,865.0
Convertible notes	1.4		1,255.9		1,257.3
Subordinated liabilities	1,281.3	8,476.3	294.9	(1,822.2)	8,230.3
	96,198.5	325,509.5	9,536.8	(12,560.8)	418,684.0
Fund for general banking risks		2,042.9			2,042.9
Minority interest in group equity	729.5	823.2	606.3		2,159.0
Net equity	8,090.2	8,696.0	(1,589.4)		15,196.8
Group equity	8,819.7	9,519.2	(983.1)		17,355.8
Total liabilities	**105,018.2**	**337,071.6**	**8,553.7**	**(12,560.8)**	**438,082.7**

The following table presents profit and loss account information by segment:

	Insurance operations	Banking operations	General operations	Eliminations	Total
					2002
Revenues:					
Insurance premiums	18,494.7				18,494.7
Interest income	3,291.4	23,373.3	567.0	(879.1)	26,352.6
Commissions and fees		1,860.7		(2.9)	1,857.8
Results from financial transactions	(4,120.6)	809.9	(21.2)		(3,331.9)
Other revenues	2,002.1	726.7	12.3	(0.6)	2,740.5
Total revenues	19,667.6	26,770.6	558.1	(882.6)	46,113.7
Interest expense	(749.2)	(18,961.5)	(646.5)	879.8	(19,477.4)
Total revenues, net of interest expense	**18,918.4**	**7,809.1**	**(88.4)**	**(2.8)**	**26,636.3**
Technical charges insurance	(12,896.1)				(12,896.1)
Value adjustments	(58.6)	(732.3)			(790.9)
Net revenues	5,963.7	7,076.8	(88.4)	(2.8)	12,949.3
Operating expenses	(5,112.6)	(5,168.2)	(125.6)	2.8	(10,403.6)
Operating result before taxation	**851.1**	**1,908.6**	**(214.0)**	**0.0**	**2,545.7**
Taxation	(367.3)	(591.5)	48.6		(910.2)
Operating group profit	483.8	1,317.1	(165.4)		1,635.5
Minority interests	64.4	64.6	44.9		173.9
Net operating profit before unrealised capital losses	**419.4**	**1,252.5**	**(210.3)**		**1,461.6**
Unrealised capital losses on the investment portfolio of shares	(1,035.4)	(97.7)	101.6		(1,031.5)
Net operating profit after unrealised capital losses	**(616.0)**	**1,154.8**	**(108.7)**		**430.1**
Non-operating items after taxation:					
Results from financial transactions		111.0			111.0
Other revenues		72.4			72.4
Operating expenses	(30.0)	(81.0)			(111.0)
Taxation	(40.9)	35.6	34.4		29.1
Total non-operating items after taxation	**(70.9)**	**138.0**	**34.4**		**101.5**
Net profit	**(686.9)**	**1,292.8**	**(74.3)**		**531.6**

					2001
	Insurance operations	*Banking operations*	*General operations*	*Eliminations*	*Total*
Revenues:					
Insurance premiums	18,162.3				18,162.3
Interest income	3,158.4	20,818.6	480.3	(692.5)	23,764.8
Commissions and fees		1,978.4			1,978.4
Results from financial transactions	(2,309.3)	1,002.5			(1,306.8)
Other revenues	1,745.8	897.3	17.5	(0.9)	2,659.7
Total revenues	20,757.2	24,696.8	497.8	(693.4)	45,258.4
Interest expense	(688.2)	(16,414.6)	(504.9)	693.4	(16,914.3)
Total revenues, net of interest expense	**20,069.0**	**8,282.2**	**(7.1)**	**0.0**	**28,344.1**
Technical charges insurance	(13,440.2)				(13,440.2)
Value adjustments		(625.8)			(625.8)
Net revenues	6,628.8	7,656.4	(7.1)		14,278.1
Operating expenses	(4,961.7)	(5,657.9)	(165.1)		(10,784.7)
Operating result before taxation	**1,667.1**	**1,998.5**	**(172.2)**		**3,493.4**
Taxation	(396.0)	(693.0)	40.1		(1,048.9)
Operating group profit	1,271.1	1,305.5	(132.1)		2,444.5
Minority interests	61.7	67.1	48.3		177.1
Net operating profit	**1,209.4**	**1,238.4**	**(180.4)**		**2,267.4**
Non-operating items after taxation:					
Results from financial transactions	343.6	90.3			433.9
Other revenues	108.2				108.2
Operating expenses	(99.4)	(239.9)	(3.0)		(342.3)
Taxation	15.6	115.4			131.0
Total non-operating items after taxation	**368.0**	**(34.2)**	**(3.0)**		**330.8**
Net profit	**1,577.4**	**1,204.2**	**(183.4)**		**2,598.2**

	Insurance operations	Banking operations	General operations	Eliminations	Total
					2000
Revenues:					
Insurance premiums	15,783.7				15,783.7
Interest income	2,533.3	23,300.9	304.6	(425.7)	25,713.1
Commissions and fees		2,163.6			2,163.6
Results from financial transactions	(535.5)	1,025.1			489.6
Other revenues	2,227.9	677.5	12.1		2,917.5
Total revenues	20,009.4	27,167.1	316.7	(425.7)	47,067.5
Interest expense	(314.2)	(19,144.9)	(369.5)	425.7	(19,402.9)
Total revenues, net of interest expense	**19,695.2**	**8,022.2**	**(52.8)**	**0.0**	**27,664.6**
Technical charges insurance	(13,463.3)				(13,463.3)
Value adjustments		(619.5)			(619.5)
Net revenues	6,231.9	7,402.7	(52.8)		13,581.8
Operating expenses	(4,463.6)	(5,328.0)	(172.9)		(9,964.5)
Operating result before taxation	**1,768.3**	**2,074.7**	**(225.7)**		**3,617.3**
Taxation	(444.7)	(640.5)	40.8		(1,044.4)
Operating group profit	1,323.6	1,434.2	(184.9)		2,572.9
Minority interests	58.3	121.7	37.7		217.7
Net operating profit	**1,265.3**	**1,312.5**	**(222.6)**		**2,355.2**
Non-operating items after taxation:					
Results from financial transactions	149.3	99.3			248.6
Other revenues	111.4				111.4
Value adjustments		157.5			157.5
Taxation	(41.8)	(63.3)			(105.1)
Total non-operating items after taxation	**218.9**	**193.5**			**412.4**
Net profit	**1,484.2**	**1,506.0**	**(222.6)**		**2,767.6**

The table below shows selected financial and other information by geographic area, presented on the basis of the country in which the Fortis company is located.

	Belgium	The Netherlands	Luxembourg	Benelux	United States	Rest of the world	Eliminations	2002 Total
Total assets								
Insurance	32,302.4	41,228.7	1,643.6	75,169.0	20,638.5	9,904.3	(313.4)	105,404.1
Banking	243,777.1	60,594.8	40,573.6	344,945.5	10,921.9	29,568.0	(54.3)	385,381.1
General								12,955.9
Eliminations								(17,975.7)
								485,765.4
Loans and advances	132,004.2	74,281.2	20,723.2	227,008.6	14,352.6	25,598.6	(10,956.7)	256,003.1
Technical provisions, net [1]	21,289.1	18,654.3	398.8	40,342.2	7,545.9	7,830.7		55,718.8
Total revenues, net of interest expenses								
Insurance	4,445.4	4,325.8	345.1	9,116.3	6,909.1	2,893.0		18,918.4
Banking	3,548.2	1,795.5	790.0	6,133.7	223.0	1,452.4		7,809.1
General								(88.4)
Eliminations								(2.8)
								26,636.3
Insurance premiums (gross)								
Life	3,394.2	3,109.1	494.8	6,998.1	900.9	1,855.3		9,754.3
Non-life	1,188.3	2,126.0	15.7	3,330.0	7,437.5	1,091.0		11,858.5
								21,612.8
Net interest income [2]								
Banking	2,090.5	1,178.6	386.0	3,655.1	166.7	590.0		4,411.8
Operating result before taxation								
Insurance	230.3	273.1	10.2	513.6	432.1	(94.6)		851.1
Banking	990.4	306.5	397.5	1,694.4	(95.6)	309.8		1,908.6
General								(214.0)
								2,545.7
Effective average number of employees [3]								
Insurance	4,670	5,416	119	10,205	11,747	3,079		25,031
Banking	21,580	9,594	2,483	33,657	299	6,812		40,768
General								190
								65,989

1) *Technical provisions less reinsured share of technical provisions*
2) *Interest income (receivables, debt securities and other) less interest expense*
3) *The effective average is the number of full-time equivalents (FTE), taking into account part-time positions and staff joining or leaving Fortis during the year*

								2001
	Belgium	The Netherlands	Luxembourg	**Benelux**	United States	Rest of the world	Eliminations	**Total**
Total assets								
Insurance	32,060.4	42,349.0	1,283.8	75,684.9	25,736.3	8,815.4	(308.1)	109,936.8
Banking	223,612.7	66,892.2	38,765.3	329,270.2	16,451.4	32,276.1	(3.6)	377,994.1
General								10,068.1
Eliminations								(15,029.1)
								482,969.9
Loans and advances	117,368.3	67,336.7	22,621.1	207,326.1	17,630.9	27,639.6	(12,000.8)	240,595.8
Technical provisions net [1]	19,630.9	17,796.9	377.4	37,805.2	8,516.3	6,429.0		52,750.5
Total revenues, net of interest expenses								
Insurance	5,452.7	5,790.2	403.4	11,646.3	5,869.5	2,553.2		20,069.0
Banking	3,750.1	2,073.2	757.8	6,581.1	207.0	1,494.1		8,282.2
General								(7.1)
Eliminations								
								28,344.1
Insurance premiums (gross)								
Life	3,693.3	3,457.2	455.3	7,605.8	1,671.6	1,404.3		10,681.7
Non-life	1,061.2	1,914.9	14.7	2,990.8	6,921.6	1,019.8		10,932.2
								21,613.9
Net interest income [2]								
Banking	2,230.6	1,136.7	325.0	3,692.3	147.7	564.0		4,404.0
Operating result before taxation								
Insurance	554.3	675.9	8.3	1,238.5	300.0	128.6		1,667.1
Banking	798.2	273.0	441.2	1,512.4	87.9	398.2		1,998.5
General								(172.2)
								3,493.4
Effective average number of employees [3]								
Insurance	3,965	5,579	110	9,654	10,686	2,897		23,237
Banking	22,386	10,510	2,572	35,468	273	7,050		42,791
General								182
								66,210

1) Technical provisions less reinsured share of technical provisions
2) Interest income (receivables, debt securities and other) less interest expense
3) The effective average is the number of full-time equivalents (FTE), taking into account part-time positions and staff joining or leaving Fortis during the year

	Belgium	The Netherlands	Luxembourg	**Benelux**	United States	Rest of the world	Eliminations	**Total**
								2000
Total assets								
Insurance	30,606.7	40,423.2	1,046.8	72,076.7	24,804.0	8,352.4	(214.9)	105,018.2
Banking	212,025.6	57,215.8	39,103.6	308,345.0	14,053.1	15,197.3	(523.8)	337,071.6
General								8,553.7
Eliminations								(12,560.8)
								438,082.7
Loans and advances	125,260.4	61,504.8	20,032.0	206,797.2	14,742.8	14,613.7	(11,677.5)	224,476.2
Technical provisions, net [1]	18,526.6	17,254.1	362.8	36,143.5	9,398.9	5,768.4		51,310.8
Total revenues, net of interest expenses								
Insurance	6,640.1	3,446.3	295.0	10,381.4	6,450.9	2,862.9		19,695.2
Banking	3,862.4	2,060.2	879.2	6,801.8	150.3	1,070.1		8,022.2
General								(52.8)
Eliminations								
								27,664.6
Insurance premiums (gross)								
Life	4,488.3	1,566.2	277.0	6,331.5	1,772.9	1,628.9		9,733.3
Non-life	1,014.1	713.0	14.1	1,741.2	6,921.1	1,030.9		9,693.2
								19,426.5
Net interest income [2]								
Banking	2,364.4	914.9	292.4	3,571.7	143.6	440.7		4,156.0
Operating result before taxation								
Insurance	596.5	558.4	(1.2)	1,153.7	459.7	154.9		1,768.3
Banking	765.2	580.3	349.8	1,695.3	22.6	356.8		2,074.7
General								(225.7)
								3,617.3
Effective average number of employees [3]								
Insurance	4,023	3,374	91	7,488	10,070	3,299		20,857
Banking	22,417	10,270	2,483	35,170	182	6,518		41,870
General								154
								62,881

1) Technical provisions less reinsured share of technical provisions
2) Interest incom e (receivables, debt securities and other) less interest expense
3) The effective average is the number of full-time equivalents (FTE), taking into account part-time positions and staff joining or leaving Fortis during the year

3 General, accounting principles and principles of consolidation

3.1 General

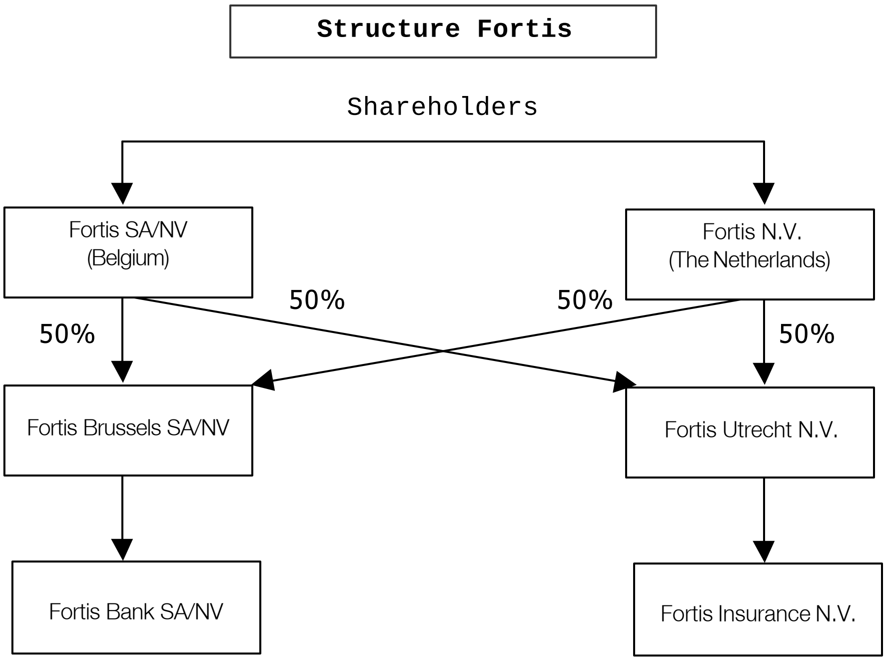
Fortis is a financial services provider operating in the fields of insurance, banking and investment. In 1990 N.V. AMEV, a large Dutch insurer and VSB, a Dutch bank combined operations. Later that year AG Group, a major Belgian insurer joined the group to form the first cross-border merger in the financial sector. Fortis has undergone explosive growth since its inception, both organically and through acquisitions. Major takeovers include the acquisition of ASLK, a Belgian bank and insurer, in 1993; the Dutch merchant bank MeesPierson in 1997; Generale Bank in 1998; American Bankers Insurance Group, Inc. in 1999; and ASR Verzekeringsgroep N.V. in 2000. At the end of 2002, Fortis had 69,000 employees worldwide.

Since 2000 Fortis's banking operations have been conducted under the name Fortis Bank. Fortis Bank was created by the merger of the operations of ASLK, Generale Bank, MeesPierson, VSB Bank and Banque Générale du Luxembourg. Legally, there are three banks: Fortis Bank Belgium, Fortis Bank Netherlands and Banque Générale du Luxembourg. In practice, however, there is one Fortis Bank, with an international organization and management. The core business is grouped into customer groups and divided into business lines, including Network Banking, Merchant Banking and Private Banking and Asset Management. Fortis Bank has operations across the globe.

Fortis's insurance activities are concentrated on life insurance and pension insurance products. Fortis offers a wide range of participating and non-participating policies written for both individual and group customers, and non-life insurances in the form of fire and car insurance for individual and commercial customers, credit-related insurance and health and accident insurance policies for individual and group customers. The insurance activities are grouped into geographic area and are carried out by independent operating companies of Fortis. Major operating companies are: in the Netherlands, Fortis ASR, a company formed in 2001 by the merger of AMEV and ASR Verzekeringsgroep N.V.; in Belgium, Fortis AG and FB Insurance; and in the United States, Fortis, Inc.

Fortis has two parent companies, i.e. Fortis SA/NV in Belgium and Fortis N.V. in the Netherlands. In 2001 the shares of the parent companies were merged into a single Fortis share. All holders of the Fortis share are shareholders of both Fortis SA/NV and Fortis N.V. As such, they have the right to cast one vote for each Fortis share held at the meetings of shareholders of both companies. All holders of the Fortis share have the right to choose whether they receive a Fortis SA/NV or a Fortis N.V. dividend (see note 19 "Dividend").

Fortis has a primary listing on both the Primary Market of Euronext Brussels and the Official Segment of the stock market of Euronext Amsterdam. Fortis also has a listing in Luxembourg and a sponsored ADR-programme in the United States.



3.2. Accounting principles

General

The consolidated financial statements were drawn up in accordance with the applicable legal and regulatory requirements in Belgium. Fortis has as described in the disclosures and the accounting principles, both in terms of presentation and content, applied a number of options applicable in the law for consortium by taking into account art. 117 §2 of the company law in Belgium, in order to reflect in a most reliable manner in its financial statements the bank and insurance activities.

Changes in accounting principles

The principles of valuation and profit determination are unchanged compared with 2001 and 2000.

3.3 Principles of consolidation

Fortis has opted for consortium accounting. The consolidated annual accounts of Fortis include the financial statements of Fortis SA/NV and Fortis N.V., as well as the companies in which they jointly exercise a direct or indirect control of more than 50%. Joint ventures in which Fortis has a 50% controlling interest are consolidated on a proportional basis. Special Purpose Vehicles introduced within the framework of securitization in which Fortis does not have a controlling interest are not included in consolidation.

Upon the acquisition of a company the assets, including any intangible fixed assets, and liabilities of the acquired company are restated at their fair value. Any remaining amount of goodwill is charged or credited in full to net equity. Goodwill arising on the acquisition of participating interests accounted for under the equity method is also charged or credited to net equity.

A list of all group companies and other participating interests has been filed with the National Bank of Belgium in Brussels and with the commercial register of the Chamber of Commerce in Utrecht. The list is available upon request, free of charge, from Fortis in Brussels and Utrecht.

Eliminations

Fortis is a group of companies whose activities cover a broad spectrum of financial services. These activities are also provided to other group companies on commercial terms. Transactions between group companies within the course of their normal business and on commercial terms are not eliminated in the consolidated profit and loss account. Intercompany balance sheet items from this source are eliminated. All other transactions between group companies are eliminated in the consolidated balance sheet and consolidated profit and loss account.

4 Principles of valuation and profit determination

General

Assets and liabilities are stated at face value, unless a different accounting policy is specified below. If necessary, assets are stated after deduction of an allowance for value reductions. Unless stated otherwise the results are allocated to the period to which they relate, or in which the service was provided or received.

Use of estimates

In preparing the annual accounts, certain estimates and assumptions have to be made that affect the consolidated balance sheets and results. Actual results may differ from those estimates. Generally accepted accounting principles also require disclosure of contingent assets and liabilities at the date of the balance sheet.

Material estimates that are particularly susceptible to significant changes in the near term are related to the determination of the allowance for loan losses. Liabilities for unpaid claims, claim adjustment expenses and policy benefits for life and health include estimates for mortality, morbidity, claim settlement patterns and interest rates at the date of the balance sheet.

Fortis uses financial instruments and invests in securities of entities for which exchange trading does not exist. For the valuation of these instruments and securities, estimates are used which are determined on the basis of historical information, actuarial analyses, financial modelling and other analytical techniques.

Foreign currency

For consolidation purposes assets and liabilities of participating interests not denominated in euros are translated into euros at the rates of exchange pertaining at the end of the reporting period. The profit and loss account is translated at average exchange rates in the reporting year. Exchange differences arising from such translation are credited or debited to net equity. Exchange differences resulting from the revaluation of investments valued at market value and financing of participating interests denominated in foreign currency are also recorded directly in net equity. All other exchange differences are reported in the profit and loss account.

The following table lists the primary exchange rates used in the preparation of the consolidated annual accounts:

	Rates at year-end			Average rates		
	2002	2001	2000	**2002**	2001	2000
1 euro =						
Pound sterling	0.65	0.61	0.62	0.63	0.62	0.61
US dollar	1.05	0.88	0.93	0.94	0.90	0.92
Australian dollar	-	1.67	1.68	-	1.72	1.59

Treasury shares

Fortis shares held by Fortis SA/NV and Fortis N.V. are not entitled to dividend or capital. In calculating dividend, net profit and net equity per share, these shares are eliminated. The cost price of these shares is deducted from net equity.

Fortis shares held by Fortfinlux S.A. in the framework of FRESH capital securities (see also under "Subordinated convertible notes") are also not entitled to dividend or capital. In calculating dividend, net profit and net equity per share, these shares are eliminated. The cost price of the shares is deducted from net equity.

Fortis shares held by other group companies are included in investments and trading securities. They are reported at fair value with the exception of shares bought to cover Fortis's (potential) issuing commitments. These are included under other assets at cost or lower (other than temporary) fair value.

Trading securities

Trading securities are carried at fair value based on quoted market prices, where available. If quoted market prices are not available, fair values are estimated based on quoted market prices of comparable instruments or discounted cash flow analysis using market rates. Realized and unrealized gains and losses on trading securities are included immediately in the profit and loss account under results from financial transactions.

Investments

Treasury bills, debt securities and other fixed-income securities (including preference shares which entitle the holder of such securities to a fixed dividend rate) which have been acquired with the intention of managing long-term interest risk and liquidity risk are reported at purchase cost less amortization of premiums and discounts (amortization value). An allowance for value reduction is established if there are doubts about the collectibility of the amounts. Upon the sale of a debt security, the resulting realized gain or loss is recognized under results from financial transactions in the profit and loss account, unless the debt security is replaced with another security of the same type within a short period of time. In that case, realized gains and losses can be deferred and amortized as an adjustment to the yield spread over the average term of the investment portfolio.

Equity securities (including convertible debt securities) are recorded at fair value based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. Unrealized gains and losses on equity securities are recognized, net of tax, directly in Fortis's net equity. Upon the sale of equity securities, the revaluation adjustments previously recognized in net equity are included in the determination of the gain or loss on sale of the security. If the fair value of the total portfolio falls below the purchase price, the difference between the fair value and the purchase price is charged to the profit and loss account. Rises in value thereafter recorded are credited to the profit and loss account until the fair value of the investments is equal to the purchase price. Any rises in value thereafter, i.e. above the purchase price, are credited to the revaluation reserve.

Land and buildings acquired are initially recorded at cost, including interest during the construction period. Subsequently, the value is adjusted to the estimated fair value. If the fair value is lower than the purchase price, a value adjustment to reduce the carrying amount of the land and buildings is recognized in the profit and loss account. Any recovery in fair value up to the purchase price is also recognized in the profit and loss account. As long as the fair value exceeds the purchase price, any revaluation adjustment is recognized directly in net equity, taking into account deferred tax. Each year, the value of about one-fifth of the properties is established by expert survey, in part internally and in part externally. Upon sale, the revaluation adjustments previously recognized in net equity are included in determining the gain or loss upon sale of the asset.

Participating interests in investment pools are valued according to valuation principles used by the manager of the investment pools in question.

Securities purchased under resale agreements and securities sold under repurchase agreements

Securities purchased under resale agreements or sold by Fortis under repurchase agreements are not shown separately in the consolidated balance sheet but are included under loans and advances to credit institutions and loans and advances to customers. These securities are primarily Dutch government, Belgian government and corporate debt securities. The securities are carried at the amounts at which the securities will be subsequently resold or reacquired as specified in the respective agreements; these amounts include accrued interest. Fortis's policy is to take possession of securities purchased under resale agreements and to relinquish securities sold under repurchase agreements.

Securities borrowed and securities lent

Securities borrowed and securities lent are carried at the amounts of collateral advanced and received in connection with the transaction. Fortis measures the fair value of the securities borrowed and lent against the collateral on a daily basis. Fortis or a custodian company holds all collateral received in custody.

Loans and advances

Loans and advances are reported at their outstanding principal amount adjusted for any charge-offs and for an allowance for loan losses. An allowance for loan losses is maintained as considered adequate to cover the existing probable loan losses in the portfolio of loans. Each operating subsidiary makes allowances for loan losses on the basis of a loan rating classification and circumstances in its market area and among its customers, in accordance with a common methodology.

Allowances on loans are increased or reduced, as necessary, based on periodic loan reviews. These net changes are charged or credited directly to the profit and loss account as value adjustments.

Irrecoverable loans are written off and charged against the allowance for loan losses when all the necessary legal procedures have been completed and the amount of the loss is finally determined.

The country risk allowance (included under the allowance for loan losses) is intended to cover the risk that borrowers of a particular country will be unable to fulfil their obligations for reasons beyond their ability to generate local currency cash flows to repay their debt. These reasons include the risk that, due to political or other reasons, foreign government and regulatory acts restrict a customer's ability to transfer financial assets from the foreign country. Based on its evaluation of each identified country, Fortis calculates specific country risk allowances by applying the minimum percentages provided by the regulators to outstandings within each country, minus the fixed deductibles defined by the regulator. The fixed deductibles primarily include elements that are not exposed to country risks by their very nature, the allowance for irrecoverability and the collaterals received.

In addition to the allowances for loan losses made for probable loan losses in the existing portfolio, which are charged directly as value adjustments on loans and advances in the consolidated profit and loss account, provisions may be made to cover as yet unidentified risks.

If the interest payments on a loan are partially discontinued, the full interest revenue continues to be recorded in the profit and loss account. The allowance for loan losses is nevertheless increased proportionally by the amount of unreceived interest. The increase in allowance is charged directly to the interest income. If the interest payments on a loan are fully discontinued, the loan is no longer considered to be interest-bearing. The recoverability of the amount to be collected (principal and matured interest at that time) is assessed and, if necessary, the allowance for that loan is adjusted. Recording of interest payments for loans is resumed if and when the borrower is able to make payments on time.

Loan origination fees are recognized in the profit and loss account (under interest) when received. Direct origination costs are charged to the profit and loss account when incurred.

Deferred acquisition costs

Acquisition costs that vary with and are primarily related to the offering and placement of new insurance business are deferred to the extent that they are deemed recoverable from future revenues. Deferred acquisition costs for traditional life insurance business are amortized over the premium paying periods of the related policies in proportion to the ratio of annual premium income to the total anticipated premium income. Deferred acquisition costs of other products are generally amortized over the term of the insurance contract at a constant rate based on the present value of estimated gross profits expected to be realized. Amortization of deferred acquisition costs is included in operating expenses.

In the case of the purchase of a new insurance portolio, deferred acquisition costs also include the Value Of Business Acquired (VOBA) formed for the insurance contracts concluded in this portfolio. VOBA is presented under deferred acquisition cost and represents the difference between the fair value and the book value of technical provisions of long-term insurance contracts. It is amortized over the term of the portfolio in proportion to the realized profits on the underlying contracts.

Investments on behalf of policyholders

Investments on behalf of policyholders are maintained in separate accounts. These investments are carried at fair value. Amounts received from policyholders for this purpose are recognized as insurance premiums. For certain contracts minimum guaranteed rates are agreed. Changes in the value of the investments are recognized in the profit and loss account. Gains and losses on the sale of investments are recognized under results from financial transactions, and investment income is recognized under other revenues.

Liabilities related to investments on behalf of policyholders are recognized on the same basis as the principles used to value the corresponding investments. Changes in the value of the liabilities related to investments on behalf of policyholders are recognized under policy benefits and claims in the profit and loss account.

Other assets

Participating interests

Participating interests are investments in companies in which Fortis holds a non-controlling interest and in which it exercises significant influence. These are in principle interests in which Fortis holds an interest of between 20% and 50%. Participating interests are accounted for under the equity method, based on Fortis's principles of valuation, and are included under other assets. Changes in relation to revaluations are recognized as a direct adjustment to net equity. Fortis's share in the profits of these participating interests is accounted for in the profit and loss account (under other revenues).

Other participating interests where Fortis holds an equity interest of less than 20% and does not exercise significant influence are recorded at estimated market value. The estimated market value is based on year-end quoted market prices, where available, or on quoted market prices of comparable instruments. Revaluation adjustments are recognized as a direct adjustment to net equity. If the market value falls below the purchase price, the difference between the market value and the purchase price is charged to the profit and loss account. Rises in market value thereafter recorded are credited to the profit and loss account until the market value is equal to the purchase price. Any rises in value thereafter, i.e. above the purchase price, are credited to the revaluation reserve. Dividends received are recognized in the profit and loss account (under other revenues).

Upon the sale of participating interests, the realized gains or losses, i.e. the difference between the sales proceeds and the purchase price, are recognized in the profit and loss account. Valuation adjustments previously reflected in net equity are included when determining the positive or negative result realized upon sale of participating interests.

Deferred taxes

Deferred taxes (both assets and liabilities) are established on the basis of temporary differences between the valuation of assets and liabilities in the annual accounts and for fiscal purposes. In case of tax loss carryforward a deferred tax asset is also established on the basis of the nominal tax rate applicable at year-end. Future rate adjustments laid down by law in the reporting year are taken into account. If rates are adjusted during the reporting period, the deferred tax is reviewed. The effect of the review is either charged to or credited to the result, or included in net equity if the rate adjustment relates to the revaluation reserve. If it is likely that a deferred tax asset cannot be realized, entirely or partially, the deferred tax asset is adjusted. The resulting charge is recognized in the profit and loss account.

Other tangible fixed assets

Other tangible fixed assets are carried at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis over the economic life of the asset.

Technical provisions

Technical provisions are calculated on the basis of the principles and methods used in countries in which Fortis insurance companies operate.

Technical provisions for long-duration traditional life and long-duration non-life insurance policies are established by the net-level premium method. This is based on estimated investment yields, withdrawals, mortality and other assumptions similar to those used in rating the policies. Interest assumptions for life benefit liabilities range from 3% to 6.5%. Mortality rate assumptions are generally based on experience multiples applied to current tables commonly used in the industry. Withdrawal assumptions for individual life contracts are based on historical experience. According to the Third European Union Directive in respect of life insurance, an exception is made to the rating principles if expectations of future developments in investment yields, withdrawals, mortality, costs or other assumptions give cause to increase the provision. The adequacy of the provision is tested annually. If the tests show that technical provisions are inadequate, the provisions are increased. This technical provision is net of capitalized interest surplus rebates found in the Dutch life insurance industry. Interest surplus rebates are amortized in proportion to the realized surplus interest on which the rebate is based. Technical provisions for non-traditional life insurance (universal-life type and investment contracts) represent the accumulated amounts which accrue to the benefit of the policyholder and reflect interest credited at rates that are subject to periodic adjustment. Any adjustments to the technical provisions are reflected in the profit and loss account for the year during which the adjustments are made.

Non-life technical provisions include a liability for reported claims, claims incurred but not reported and claim adjustment expenses. Estimates of expected claims are developed using past experience, current claim trends and the prevailing social, economic and legal environments. The technical provision for non-life insurance claims and claim adjustment expenses is based on estimates of expected losses and takes into consideration management's judgement on anticipated levels of inflation, regulatory risks and the trends in claims. Non-life technical provisions for workers' compensation business are presented at their net present value at interest assumptions ranging from 3% to 6.5%. Fortis believes that the technical provisions established are adequate to cover the ultimate costs of claims and claims adjustment expenses.

Unearned premiums on non-life insurance contracts are calculated in proportion to the amount of unexpired insurance coverage. A technical provision is also established in connection with risks in future periods that are related to current long-term duration non-life insurance contracts, when future claims are expected to exceed the amount of premiums to be earned in the future.

Other liabilities

General provisions, included in other liabilities, are liabilities of uncertain timing or amount and are established on the basis of the best possible estimate. Other liabilites include short positions relating to trading securities. The short positions are reported at fair value, where possible based on stock market quotations. If no stock market quotation is available, the fair value is estimated according to stock market quotations of comparable securities, or by calculating the cash value of the expected cash flows based on market rates.

Subordinated convertible notes

Fortfinlux S.A. on 7 May 2002 issued a Floating Rate Equity-linked Subordinated Hybrid ("FRESH") bond in the amount of EUR 1,250 million. The regulators consider the FRESH securities to be part of Tier 1 capital. The bonds have a nominal value of EUR 250,000 and may at the discretion of the holder be converted into Fortis shares at a price of EUR 31.50 per Fortis share starting forty days after the date of issue. The principal will not be repayed; the bond holder only has the option to conversion. The bond therefore has an indefinite life.

From 7 May 2009 the bonds will be automatically converted into Fortis shares if the price of the Fortis share is equal to or higher than EUR 47.25 on twenty successive trading days. Holders of FRESH securities are subordinated to all other bonds, subordinated notes, and preference shares, but they rank senior to holders of ordinary shares. The coupons are payable quarterly, in arrears, at a variable interest coupon of 3-month Euribor plus 135 basis points. The coupons are offset against new Fortis shares to be issued equalling 103% of the coupon if Fortis does not pay dividend on its shares, or the dividend is lower than 0.5%.

Fund for general banking risks

A fund for general banking risks is maintained to cover general risks of the banking activities. The level of the fund and any additions to it (included in value adjustment in the profit and loss account) are based on the expected development of current and future risks. Fortis believes that the level of the fund at the end of 2001 is sufficient to cover the general risks foreseen and has thus decided that no further additions will be made to the fund with effect from financial year 2002. No deferred tax is recognized in relation to the fund for general banking risks.

Derivative financial instruments

Fortis enters into derivative financial instruments, both for trading purposes and for purposes other than trading. Derivative financial instruments used by Fortis consist primarily of swaps, forwards and options.

Derivatives entered into for trading purposes are recorded at estimated fair value under prepayments and accrued income or accruals and deferred income. The related unrealized gains or losses are included in the profit and loss account under results from financial transactions.

Derivatives entered into for purposes other than trading (e.g. as part of asset/liability management in order to manage interest rate, foreign currency and equity price risks) and associated with financial instruments carried at fair value (primarily forwards and options) are marked-to-market with the unrealized gains and losses recognized consistent with the underlying instrument. Derivatives associated with other financial instruments are accounted for under the accrual method. Amounts payable or receivable on derivative financial investments are accrued according to their contractual terms. Interest and other income from these derivative instruments are recognized under interest income or in results from financial transactions. Interest and other costs incurred on these derivative instruments are recognized under interest expense or in results from financial transactions.

Gains and losses on the termination of derivative instruments entered into for purposes other than trading are deferred and amortized as an adjustment to yield (interest on the related financial instrument) over the average remaining term of the underlying financial instrument.

Insurance premiums

Premiums for long-duration traditional life insurance products, as well as universal life and investment-type contracts, and for long-duration non-life insurance contracts are generally recognized as premium income when due. Premiums for short-duration non-life insurance contracts are generally recognized in proportion to the amount of insurance coverage provided.

Reinsurance premiums, commissions, expense reimbursement and technical provisions related to reinsurance business are accounted for according to principles consistent with those used in accounting for the original policies issued and the terms of the reinsurance contracts.

Pensions and similar entitlements

Pension costs under defined benefit plans are charged to the profit and loss account so as to spread the cost of pensions over the expected service life of employees. In determining such pension costs the following items, amongst others, are taken into account: the discount rates, the active period of service up to the balance sheet date, expected salary at the time of retirement, expected yield of the plan investments and actual yield of the investments.

Pension costs include fringe benefits that remain valid after retirement. These include payment of a portion of health insurance contributions and personnel conditions for specific financial products.

Pension costs under defined contribution plans are charged to the profit and loss account as incurred.

Non-operating items

To obtain insight into the company's performance, a number of exceptional items have been included under non-operating items. These non-operating items are related to:

- the sale of (non-consolidated) participating interests with a strategic character or the sale of participating interests whereby the sale is initiated by a third party;
- the sale of consolidated activities;
- the release of certain provisions;
- the creation of provisions in connection with significant reorganizations;
- changes in deferred taxes in connection with the change in tax rates.

5 Changes in the composition of Fortis

The most significant acquisitions and divestments of the past three years are discussed below.

Intertrust Group

In July 2002 Fortis acquired Intertrust Group. The takeover price was paid in cash. Intertrust is a leading international party within its market segment and provides a broad range of services, including the establishment and management of companies, administration, reporting, trust activities, cash management and treasury services. Intertrust has offices in twelve countries and employs a workforce of 350. Intertrust's activities have been merged with MeesPierson's trust activities.

Bernheim-Comofi

In May 2002 Fortis acquired Bernheim-Comofi for EUR 525 million. The takeover price was paid in cash. Bernheim-Comofi is active in real estate management and development. The purpose of the takeover is further diversification of Fortis's real estate investments in terms of type of investment and geographical spread. Goodwill amounted to EUR 228 million.

TOP Lease

In April 2002 TOP Lease was sold to ING Lease. The main reason for the sale was that the operational car lease activities are not part of Fortis's core business. As a result, opportunities for expanding TOP Lease's car lease portfolio are limited. The takeover price was paid entirely in cash.

Taiping Life

In October 2001 Fortis entered into a partnership with China Insurance International Holdings Company Limited ("CIIH") and China Insurance Company Limited ("CIC"), the parent company of the China Insurance Group. This gives Fortis an initial stake of 24.9% in Taiping Life ("TPL") for USD 88 million (EUR 100 million). Following the transaction, CIIH has a controlling interest in TPL of 50.05%; CIC has a 25.05% stake. Fortis has an option to increase its interest to 49%. TPL has a national licence for life insurances in China. Goodwill amounted to EUR 83 million.

Protective's Dental Benefits Division

At year-end 2001 Fortis took over the Dental Benefits Division ("DBD") from Protective Life Corporation for approximately USD 300 million (EUR 357 million). The transaction includes the reinsurance of the dental insurances of DBD and its subsidiaries, which sell dental insurances. The goodwill estimated in 2001 was EUR 214 million. In 2002 the goodwill was finalized at EUR 164 million.

Fortis Australia

In July 2001 Fortis sold its Australian non-life insurance company, Fortis Australia, to the British insurer CGNU for about AUD 330 million (EUR 205 million) in cash. The transaction is in line with Fortis's strategy to focus on Europe, Asia and a number of niche markets in the United States. Gains realized from this transaction totalled EUR 46 million and have been included under non-operating items.

Mayban General Assurance Berhad

Fortis reached agreement with Maybank in February 2001 in light of developments in the banking and insurance business in Malaysia. Under the agreement, Fortis acquired a 30% stake in Maybank's insurance operations, Mayban General Assurance Berhad (“MGAB”). MGAB is active in life and non-life. Fortis’s investment amounted to approximately RM 340 million (EUR 104 million). Goodwill amounted to EUR 52 million.

Fortis Financial Group

In April 2001 Fortis Financial Group (“FFG”) was sold to The Hartford Financial Services Group for an amount totalling approximately USD 1,120 million (EUR 1,252 million) in cash. FFG is active in variable life insurances, the annuity business and the management of own investment funds. The transaction is in keeping with Fortis’s strategy in the United States, namely a strong focus on putting together and managing a selective portfolio of specialized insurance activities that lead the market in their field. For the sale of insurance activities the transaction has been structured as a reinsurance agreement with indemnity. The capital gains thus realized will depend on the remaining term of the policies and have been recognized as part of the operating profit. The sale of asset management activities resulted in 2001 in a net result of EUR 36 million and has been recognized under non-operating items.

Banque Générale du Luxembourg

In March 2000 Fortis acquired virtually all shares of Banque Générale du Luxembourg (“BGL”) not yet in its possession (47%) via a public offer. BGL is one of the leading banks in Luxembourg and has a strong position in private banking and asset management. The offer comprised nine Fortis Shares plus EUR 33.00 in cash per share of BGL. Based on the market price of the Fortis shares at the time the offer was announced, the total value of the transaction amounted to EUR 1,657 million. The goodwill paid was EUR 634 million. The 0.26% BGL shares still outstanding at the end of 2002 are mainly in the possession of BGL employees and will be exchanged between 2003 and 2004 due to tax reasons.

Beta Capital

In April 2000 Fortis exercised its option to acquire the remaining 70% of Beta Capital’s shares for a cash consideration of EUR 126 million. It had owned 30% of Beta Capital’s shares since 1999. Beta Capital, with its head office in Madrid, is primarily engaged in private banking and brokerage in the Spanish market. The goodwill amounted to EUR 99 million.

American Memorial Life Insurance Company

In October 2000 Fortis acquired American Memorial Life Insurance Company (“AMLIC”), a US-based pre-need funeral insurance company, from Service Corporation International (SCI). AMLIC was acquired in a cash transaction of USD 200 million (EUR 219 million). The goodwill amounted to EUR 12 million. A multi-year marketing agreement was concluded with SCI. The sale of pre-arranged funeral contracts will take place solely through funeral companies owned by or affiliated with SCI.

ASR Verzekeringsgroep

In December 2000 ASR Verzekeringsgroep was acquired by means of a public offer. ASR was one of the leading insurance companies in the Netherlands. ASR shareholders were offered 3 Fortis Shares and EUR 3.70 in cash for each ASR share. The remaining minority interests were acquired in the course of 2001. Based on the market price of the Fortis share at the time the offer was announced, the total value of the transaction amounted to EUR 3,424 million and the goodwill amounted to EUR 1,999 million. ASR Verzekeringsgroep’s operations have been merged with those of AMEV under the name Fortis ASR, making Fortis the second largest insurer in the Netherlands.

Other acquisitions and divestitures

In 2001 Fortis acquired CORE, Inc. and the insurance portfolio of Bâloise (España) Seguros y Reaseguros SA. CORE is a major supplier of absenteeism management services and of management services for the reinsurance of disability insurances for medium-sized insurers. Bâloise works with a large network of agents. Premium volume consists of life and non-life products, mainly for the private sector.

In 2000 Fortis increased its interest in Belgolaise from 60% to 100% (EUR 45 million). The acquisition price (EUR 45 million) was in line with the net asset value, based on the fair value.

In March 2000 Fortis, Inc. sold its individual long-term care insurance business, which came under Fortis Long Term Care, to John Hancock Mutual Life Insurance Company. The transaction was completed by virtue of a co-insurance agreement. The gains on the transaction are included in the net profit over the term of the underlying portfolio.

In addition to the above, in 2000, 2001 and 2002 a number of small companies were acquired and the interests in other companies were increased.

The most important acquisitions and divestments are listed below, including details of when their results were included in Fortis's annual accounts.

	2002	*2001*	*2000*
Acquisition Intertrust Group	as of 1 July		
Acquisition Bernheim-Comofi	as of 1 May		
Sale TOP Lease	until 31 March		
Acquisition Taiping Life (24.9%)		as of 1 October	
Acquisition Protective's Dental Benefits Division		as of 31 December	
Sale Fortis Australia		until 30 June	
Acquisition Mayban General Assurance Berhad (30%)		as of 1 July	
Sale Fortis Financial Group		until 1 April	
Acquisition Banque Générale de Luxembourg (remaining 47%)			as of 1 April
Acquisition Beta Capital			as of 1 April
Acquisition American Memorial Life Insurance Company			as of 1 October
Acquisition ASR Verzekeringsgroep			as of 31 December

The results of operations of other acquired companies are included in the operating result of Fortis with effect from the respective acquisition dates.

The total amount of goodwill for 2002 was EUR 417.8 million (2001: EUR 773.0 million; 2000: EUR 2,798.8 million) and was charged entirely to net equity.

6 Fair value of financial instruments

The fair value of a financial instrument is the current amount that would be exchanged on the balance sheet date between willing parties (other than in a forced sale or liquidation) and is best evidenced by a quoted market price, if it exists. Quoted market prices are not available for a significant portion of the Fortis group's financial instruments. As a result, fair values presented are estimates derived using present value or other valuation techniques. In addition, the calculation of estimated fair value is based on market conditions at a specified point in time and may not be reflective of future fair values.

Fair values among financial institutions are not comparable due to the wide range of permitted valuation techniques and numerous estimates that must be made. This lack of objective valuation standards introduces a degree of subjectivity to these derived or estimated fair values. Readers are therefore cautioned in using this information for purposes of evaluating the financial condition of Fortis compared with other financial institutions.

Financial instruments valued at carrying value

The carrying value of certain financial instruments, such as cash, amounts due from banks, trading securities, and accrued interest payable and receivable, approximate their fair values because they are either carried at this value, or are short-term in nature or are receivable or payable on demand.

Investment securities

Fair values for investment securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based either on discounted cash flow calculations or on quoted market prices of comparable instruments.

Loans receivable

The fair value of the performing loan portfolio is estimated using discounted analysis of anticipated cash flows, using interest rates currently being offered for loans with similar terms to borrowers of similar credit quality. Fair values for non-performing loans are estimated based on cash flow analyses using higher discount rates appropriate to the higher risk involved or underlying collateral values.

Deposit liabilities

The fair values disclosed for demand deposits, savings accounts and other deposits without fixed maturity are, by definition, equal to the amount payable on demand at the reporting date. The carrying amounts of variable-rate, fixed-term deposits approximate their fair values at the reporting date. Fair values for fixed-rate deposits are estimated using a discounted cash flow calculation that applies market interest rates to similar deposits and timing of maturities.

Long-term debt

The fair value of variable-rate, long-term debt (debentures and subordinated notes and other long-term borrowings) that changes frequently approximates its carrying value. The fair values of Fortis's fixed-rate, long-term debts are estimated using discounted cash flow analyses based on current incremental borrowing rates for similar types of borrowing arrangements.

Derivatives

The fair value of derivatives traded on the stock exchange is based on the quoted market price or on trader quotations. The fair value of non-exchange traded or over-the-counter derivative instruments is calculated using discounted cash flow models based on current market yields for similar types of instruments and the maturity of each instrument. The discount rates are based on market rates and indices for similar derivative instruments prevalent in the market.

The following table presents the carrying value and the estimated fair value at 31 December of financial instruments which are presented in the balance-sheet and whose fair values differ from their carrying values for either period presented:

	2002		*2001*		*2000*	
	Book value	*Fair value*	*Book value*	*Fair value*	*Book value*	*Fair value*
Financial assets						
Investments in securities						
and Treasury bills	146,116.2	150,692.9	160,725.9	162,513.9	141,325.8	142,828.0
Loans and advances to credit						
institutions and customers	256,003.1	259,547.9	240,595.8	246,592.2	224,476.2	223,433.5
Participating interest [1)]	566.4	566.5	740.4	740.3	610.3	610.3
Derivatives (net)	(915.1)	(1,372.5)	2,364.7	2,469.8	(248.7)	(237.5)
Financial liabilities						
Amounts owed to credit						
institutions and customers	274,183.7	269,908.2	276,024.5	271,653.6	239,926.3	242,467.6
Debt certificates	49,963.7	50,837.9	50,895.9	51,229.3	43,760.8	45,190.1
Subordinated liabilities						
and convertible notes	12,229.7	13,660.9	11,466.4	12,557.2	9,487.6	9,839.4

1) Excludes participating interests accounted for under the equity method.

7 Minority interests in group equity

In addition to shareholders of third parties in the operating companies of Fortis, minority interests also include a number of so-called hybrid financing instruments.

In March 2000 Fortis issued Trust Capital Securities, through a wholly-owned limited partnership in the United States specially established for that purpose, to strengthen the capital basis. The issue, in which Fortis raised USD 550 million, was composed of two tranches:

- a tranche of USD 150 million, with a non-cumulative coupon, payable semi-annually in arrears at a fixed rate of 7.48% through 1 March 2005 (and thereafter at a variable rate equal to 6-month LIBOR plus 1.10% reset semi-annually);
- a tranche of USD 400 million, with a non-cumulative coupon, payable semi-annually in arrears at a fixed rate of 7.68% through 1 March 2010 (and thereafter at a variable rate equal to 6-month LIBOR plus 1.25% reset semi-annually).

The Trust Capital Securities are covered by Fortis, Inc. Class B and Class C shares. The coupon payments will depend on the dividend distribution on the Fortis, Inc. Class B and Class C shares.

To strengthen the capital basis of its insurance business, in April 1999 Fortis issued non-cumulative guaranteed trust capital securities in the amount of EUR 650 million through a subsidiary in the United States established for this purpose. That subsidiary may hold only debt or other securities owed by Fortis entities. The Trust Capital Securities are guaranteed by parent companies and have a perpetual maturity, but after ten years Fortis has the opportunity to redeem this instrument for cash on the distribution date. The issue was composed of three tranches:

- a tranche of EUR 400 million with a variable coupon of 3-month Euribor plus 1.30% for the first ten years and a coupon of 3-month Euribor plus 2.30% in subsequent years;
- a tranche of EUR 50 million with a fixed coupon of 6.25% per year for the entire duration of the instrument;
- a tranche of EUR 200 million, with a fixed coupon of 5.50% for the first ten years, and a coupon of 3-month Euribor plus 2.30% in subsequent years.

In June 1999 Fortis issued non-cumulative, non-voting perpetual shares. The regulator considers these preference shares as part of the Tier 1 capital of the bank. The issue was composed of two tranches:
- a tranche of EUR 450 million with a fixed coupon of 6.25% for the first ten years, and a variable coupon of 3-month Euribor plus 2.60% in subsequent years. After 10 years and once a year in subsequent years Fortis has the opportunity to redeem the instrument for cash on a distribution date;
- a tranche of EUR 200 million with a fixed coupon of 7.00% for the entire duration. After 5 years and once a year in subsequent years Fortis has the opportunity to redeem this instrument for cash on a distribution date.

The preference shares have the benefit of a Support Agreement. Fortis N.V., Fortis Bank, Fortis Bank Nederland (Holding) and Fortis SA/NV (the “Supporting Companies”) jointly and severally agree to contribute to Fortis Capital Limited any additional funds necessary to allow it to pay dividends on the preference shares in the event that any of the Supporting Companies pays a dividend on its ordinary or preference shares in the same financial year. Under this arrangement, even the payment of a symbolic dividend by any of the Supporting Companies on its own capital stock would automatically trigger a full or proportional dividend entitlement for the investors in the hybrid securities, with full recourse against the Supporting Companies. In addition (if the Supporting Companies were to have sufficient aggregate distributable reserves to pay a dividend on their own capital stock) payment would result in an obligation to make payments under the Support Agreement for which distributable reserves of the Supporting Companies would not be adequate.

As a condition for its acceptance of the hybrid securities as constituting Tier 1 capital of Fortis Bank, the supervisory authorities have therefore requested that appropriate measures be put in place to ensure that any payments to be made by Fortis SA/NV or Fortis Bank under the Support Agreement as triggered by a dividend payment on their own shares be capped to the level of the aggregate distributable reserves of the Supporting Companies. To meet this condition, the Board has decided that Fortis SA/NV will not declare a dividend on its Ordinary Shares or on its preference shares or other capital instruments (if applicable) unless the aggregate of the distributable reserves of the Supporting Companies is sufficient to cover all dividend payments relating to their respective ordinary shares, preference shares or other capital instruments, as well as any amounts payable in the same financial year pursuant to their obligations under the Support Agreement.

8 Net equity

The following table sets forth the composition of net equity at 31 December 2002:

Share capital:	
- Ordinary Fortis shares; 1,335,062,099 shares issued; per Fortis Share consisting of 1 share Fortis SA/NV EUR 4.28 unit-of-account value and 1 share Fortis N.V. EUR 0.42 par value.	6,279.9
- Cumulative preference shares A Fortis N.V. EUR 0.42 par value; 1,750,000,000 shares authorized; no shares issued or outstanding.	
- Cumulative preference shares B Fortis N.V. EUR 0.42 par value; 250,000,000 shares authorized; no shares issued or outstanding.	
- Share premium reserve	11,916.3
- Revaluation reserve	0.0
- Goodwill	(17,024.6)
- Other reserves	9,167.7
- Net profit current financial year	531.6
	10,870.9

On 31 December 2002, a maximum of EUR 12,152.8 million of the net equity was available for the dividend payment, EUR 7,458.2 million of which at Fortis SA/NV and EUR 4,694.6 million at Fortis N.V.
A detailed description of the various option plans is included in notes 13 and 18.

Cumulative Preference Shares A Fortis N.V.

None of Fortis's 1,750 million, EUR 0.42 par value, authorized Cumulative Preference Shares A are issued or outstanding. However, Fortis N.V. has granted an option to the Stichting Continuïteit Fortis (the "Foundation") to acquire a maximum number of Cumulative Preference Shares A of Fortis N.V. (which have the same voting rights as Ordinary Shares). Once the option has been exercised, the number of Cumulative Preference Shares A issued shall not exceed the number of Ordinary Shares and Cumulative Preference Shares B issued. Fortis N.V. is entiteled to require the Foundation to accept the issue of Cumulative Preference Shares A.

The objective of the Foundation is to protect the continuity and to retain the identity of Fortis and Fortis N.V. such that the interests of the company and of Fortis and its affiliated companies and all parties involved are safeguarded and that factors that are in conflict with the independence and identity of Fortis and Fortis N.V. which could affect those interests are excluded to the greatest extent. The Foundation will only exercise its options in accordance with this purpose. The exercise price of the options is EUR 0.42 per Cumulative Preference Share A. Upon exercise, however, only 25% of the par value is required to be paid. The Foundation will be required to pay the additional 75% of the par value per Cumulative Preference Share A only upon the request of Fortis N.V. on the basis of a resolution of the Board of Directors.

Under Dutch law, the Foundation is an independent legal entity and is not owned or controlled by any person or entity. The Board of the Foundation consists of six members: four members are independent with respect to Fortis while two members may be related to Fortis. Additionally, the four independent members have two votes per member while the other two related members have one vote per member. This composition of the Board has been approved by Euronext Amsterdam.

If any Cumulative Preference Shares A are issued or redeemed, a General Meeting of Shareholders shall be convened which shall be held not later than two years after the date on which the Cumulative Preference Shares A were first issued. A resolution concerning issuance or withdrawal of the Cumulative Preference Shares A shall be put on the agenda of such meeting. If the resolution to be taken on this agenda item is not a resolution to purchase or withdraw the Cumulative Preference Shares A, a General Meeting of Shareholders will be convened and held, in each case within two years of the previous meeting, for which meeting a resolution concerning purchase or withdrawal or the Cumulative Preference Shares A will be put on the agenda, until there are no Cumulative Preference Shares A outstanding.

From Fortis N.V.'s profits, a dividend will, if possible, first be paid to holders of Cumulative Preference Shares A before one is paid to holders of Cumulative Preference Shares B and Ordinary Shares. The dividend to be paid will be equal to the average Euribor for a term of one year, as published by De Nederlandsche Bank N.V. during the financial year over which the dividend is to be paid, increased by 1.5%. The dividend will be calculated as a percentage of the amount paid in to Fortis N.V. on such shares and pro rata for the period outstanding.

Cumulative Preference Shares A have a liquidation value equal to the amount paid in to Fortis N.V. related to such shares plus any accumulated but unpaid dividends. Cumulative Preference Shares A have priority in liquidation over Cumulative Preference Shares B and Ordinary Shares.

Cumulative Preference Shares B Fortis N.V.

None of the 250 million, EUR 0.42 par value, authorized Cumulative Preference Shares B are issued and outstanding. Upon issue, Cumulative Preference Shares B must be fully paid-up.
Cumulative Preference Shares B may be issued by Fortis N.V. for financing purposes. The shares have voting

rights equivalent to those of Ordinary Shares and Cumulative Preference Shares A with one vote per share outstanding.

Cumulative Preference Shares B rank senior to Ordinary Shares and subordinate to the Priority Shares and Cumulative Preference Shares A with respect to the payment of dividends and distribution of assets upon liquidation.

A dividend will be distributed on Cumulative Preference Shares B equal to a percentage calculated over an amount equal to four times the par value and pro rata to the period the shares are outstanding. This percentage shall be linked to the average effective yield on the five longest running state loans calculated in accordance with the method as set forth in the Articles of Association and adjusted every ten years.

Cumulative Preference Shares B have a liquidation value equal to four times the par value of the share plus any accumulated but unpaid dividends. The redemption and conversion features of Cumulative Preference Shares B are not described in the Articles of Association, but are determined at the time of issuance of such shares.

Cumulative Preference Shares B may not be transferred without the approval of Fortis N.V.'s Board of Directors as set forth in the Articles of Association.

Accumulated Other Comprehensive Income

The following table presents changes in accumulated other comprehensive income:

	Translation differences	*Revaluation of investments*	*Goodwill*	*Other movements*	*Accumulated Other comprehensive income*
Balance at 31 December 2000	**215.2**	**1,684.6**	**(15,833.8)**		**(13,934.0)**
Change during the year	94.7	(2,276.8)	(773.0)		(2,955.1)
Closing balance at 31 December 2001	**309.9**	**(592.2)**	**(16,606.8)**		**(16,889.1)**
Change during the year	(300.7)	(1,533.2)	(417.8)	(154.0)	(2,405.7)
Closing balance at 31 December 2002	**9.2**	**(2,125.4)**	**(17,024.6)**	**(154.0)**	**(19,294.8)**

The following table sets out the movements in net equity of Fortis during 2002 and 2001.

	Capital	*Share premium reserve*	*Revaluation reserve*	*Goodwill*	*Other reserves*	*Total net equity*
Balance at 31 December 2000	**428.4**	**16,598.6**	**2,794.0**	**(15,833.8)**	**11,209.6**	**15,196.8**
Unification	5,655.8	(5,655.8)				
Issue of shares	0.7	100.7				101.4
Net profit for the year					2,598.2	2,598.2
Dividends					(1,137.4)	(1,137.4)
Revaluation of investments, net			(2,276.8)			(2,276.8)
Goodwill				(773.0)		(773.0)
Translation differences					94.7	94.7
Securities purchase and reissue of own shares					8.6	8.6
Other changes in equity			32.0			32.0
Balance at 31 December 2001	**6,084.9**	**11,043.5**	**549.2**	**(16,606.8)**	**12,773.7**	**13,844.5**
Issue of shares	195.0	872.8			(1,030.4)	37.4
Net profit for the year					531.6	531.6
Dividends					(1,136.9)	(1,136.9)
Revaluation of investments, net			(1,533.2)			(1,533.2)
Goodwill				(417.8)		(417.8)
Translation differences					(300.7)	(300.7)
Other changes in equity			(154.0)			(154.0)
Reclass other reserves			1,138.0		(1,138.0)	
Balance at 31 December 2002	**6,279.9**	**11,916.3**	**0.0**	**(17,024.6)**	**9,699.3**	**10,870.9**

The above dividends were paid in cash.

Movements in the number of outstanding shares are shown below.

Number of shares at 31 December 2000	**1,294,202,872**
Issue of shares	2,903,176
Cancellation of own shares purchased due to merger	(3,540,389)
Number of shares at 31 December 2001	**1,293,565,659**
Issue related to FRESH	39,682,540
Issue related to options plans / share plans	1,813,900
Number of shares at 31 December 2002	**1,335,062,099**

In 2002 Fortis offered personnel the opportunity to purchase Fortis shares. Fortis SA/NV and Fortis N.V. issued 1,752,500 new shares, raising a total of EUR 35.7 million.

An overview of the potential number of outstanding shares:

Number of shares at 31 December 2002		**1,335,062,099**
Shares potentially to be issued:		
- in connection with option plans (see note 13 and C7 annual accounts Fortis)	36,618,645	
- in connection with warrants (see note C8 annual accounts Fortis)	226,620	
- in connection with convertible notes (see notes A9 and C6 annual accounts Fortis)	40,297,164	
		77,142,429
Shares already purchased in connection with issuance commitments		(2,230,059)
Total potential number of shares at 31 December 2002		**1,409,974,469**

An overview of transactions in Fortis shares by Fortis's operating companies:

	number	*Book value*
Balance at 31 December 2001	**27,820,189**	
Purchases	48,106,080	
Sales	(46,031,826)	
Balance at 31 December 2002	**29,894,443**	
In trading securities	5,013,720	83.3
In investments	16,408,649	274.9
In investments on behalf of policy-holders	3,548,396 [1)]	80.4
In other assets	4,923,678	82.2
	29,894,443	**520.8**

1) These investments include Fortis shares which are part of specific investment pools for life and pension insurances with a minimum guaranteed return. These shares are valued at the purchase price.

An overview of transactions in Fortis shares included in net equity:

	number
Balance at 31 December 2000	**3,851,850**
Reissue	(311,461)
Shares withdrawn due to unification of Fortis share	(3,540,389)
Balance at 31 December 2001	**0**
Issue related to FRESH	39,682,540
Balance at 31 December 2002	**39,682,540**

9 Off-balance sheet items

In its ordinary course of business, Fortis enters into various types of transactions that involve credit-related financial instruments and derivative financial instruments that are not required to be recorded in the balance sheet. Credit-related financial instruments are typically customer driven, while derivative financial instruments are entered into both with customers and for Fortis's own account in managing interest rate and foreign exchange risks.

Credit-related financial instruments

Credit-related instruments include acceptances, commitments to extend credit, letters of credit and financial guarantees. Fortis's exposure to credit loss in the event of non-performance by the other party to the financial instrument in respect of commitments to extend credit, letters of credit, and financial guarantees written is represented by the contractual notional amounts of those instruments. Fees received from these credit-related instruments are recognized in the profit and loss account when received.

Acceptances are used by customers to effect payments for merchandise sold in import-export transactions.

Credit commitments are agreements to lend to a customer as long as there is no violation of any condition laid down in the contract. Commitments generally have fixed expiration dates or other termination clauses. The geographic and counterparty distribution of commitments to extend credit approximates the distribution of loans outstanding. Fortis's experience has been that the majority of loan commitments are drawn upon by customers. These commitments are generally unsecured, but, if necessary, collateral may be required.

Documentary credits either ensure payment by Fortis to a third party for a customer's foreign or domestic trade or are conditional commitments issued by Fortis to guarantee the performance of a customer to a third party. Fortis evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained is based on management's credit evaluation of the counterparty. Collateral could consist of the goods financed as well as of cash deposits. Most documentary credits are taken out, though in many cases this is followed by immediate payment.

Suretyships and guarantees are used to guarantee performance of a customer. The credit risk involved in issuing these guarantees is essentially the same as that involved in extending loan facilities to customers. These suretyships and guarantees may be unsecured.

The following is a summary of the notional amounts of Fortis's credit-related financial instruments with off-balance-sheet risk at 31 December:

	2002	*2001*	*2000*
Acceptances outstanding	195.4	235.7	154.6
Firm credit commitments	72,306.5	84,656.4	70,870.4
Documentary credits	3,772.9	2,823.2	3,360.6
Sureties, guarantees and assets pledged	9,732.2	11,217.8	14,226.6

Derivatives

Derivative financial instruments include swaps, futures, forwards and option contracts, all of which derive their value from underlying interest rates, foreign exchange rates, commodity values or equity instruments.

A derivative contract may be traded either on an exchange or over-the-counter ("OTC"). Exchange–traded derivatives, which include futures and option contracts, are standardized and generally do not involve significant counterparty exposure due to the margin requirements of the individual exchanges.

OTC derivative contracts are individually negotiated between contracting parties. The notional amounts are not recorded in the balance sheet as assets or liabilities and do not represent the potential for gain or loss association with such transactions. Fortis's exposure to the credit risk associated with counterparty non-performance is limited to the net positive replacement cost of OTC contracts.

Interest rate swaps are contractual agreements between two parties to exchange periodic payments in the same currency, each of which is computed on a different interest rate basis. Most interest rate swaps involve the net exchange of payments calculated as the difference between the fixed and floating interest rate payments. Fortis uses interest rate swaps to change the interest rate characteristics of certain assets and liabilities. For example, based on long-term debt, an interest rate swap can be entered into to convert a fixed interest rate into a floating interest rate, in order to reduce the interest rate mismatch. Fortis also uses interest rate swaps to hedge the risk of price fluctuations of the trading securities.

Currency swaps, in their simplest form, are contractual agreements that involve the exchange of both periodic and final amounts in two different currencies. Exposure to loss on both types of swap contracts will increase or decrease over their respective lives depending on maturity dates, interest and foreign exchange rates, and the timing of payments.

Interest rate futures are exchange–traded instruments and represent commitments to purchase or sell a designated security or money market instrument at a specified future date and price.

Interest rate forward agreements are OTC where two parties agree on an interest rate and tenor that will become a reference point in determining a net payment to be made by one party to the other, depending on what market rate in fact prevails at a future point in time.

Interest rate options are interest rate protection instruments that involve the obligation of the seller to pay the buyer an interest rate differential in exchange for a premium paid by the buyer. This differential represents the difference between current exchange and an agreed–upon rate applied to a notional amount. Exposure to loss on all interest rate contracts will increase or decrease over their respective lives as interest rates fluctuate.

Foreign exchange contracts, which include spot, forward and futures contracts, represent agreements to exchange the currency of one country for the currency of another country at an agreed price, on an agreed settlement date. They are used to hedge net capital and foreign exchange exposure.

Foreign exchange option contracts are similar to interest rate option contracts, with the exception that they are based on currencies rather than interest rates. Exposure to loss on these contracts will increase or decrease over their respective lives as currency exchange and interest rates fluctuate.

For exchange–traded foreign exchange contracts, Fortis's exposure to off–balance sheet credit risk is limited, as these transactions are executed on organized exchanges that assume the obligation of counterparties and generally require security deposits and daily settlement of margins.

Lease agreements

Fortis has entered into operational lease agreements to provide for office space, office equipment and vehicles. Rental expenses under these leases in 2002 were EUR 78.1 million (2001: EUR 120.6 million; 2000: EUR 79.5 million). The total amount payable under non-cancellable lease agreements as of 31 December 2002 was EUR 334.2 million (2001: EUR 315.6 million; 2000: EUR 271.0 million).

The following table shows future commitments for non-cancellable operating leases:

	2002
Through 2003	66.2
Through 2004	57.8
Through 2005	48.3
Through 2006	40.9
Through 2007	32.1
Thereafter	88.9
Total	**334.2**

Other commitments

At 31 December 2002 Fortis had assets pledged amounting to EUR 106,475.6 million (2001: EUR 69,690.2 million; 2000: EUR 51,026.3 million).

Fortis has various outstanding and contingent commitments that are not reflected in the accompanying consolidated annual accounts. The following table provides details of the most significant of these commitments:

	2002	*2001*	*2000*
Obligations to purchase securities	1,215.6	846.8	1,024.3
Obligations to pay up share capital of participating interest	70.1	72.1	232.8
Securities entrusted to Fortis [1]	299,232.6	345,365.7	340,430.7
Other	452.6	284.1	327.3

1) *Represents primarily the value of investment securities held in safekeeping.*

In many cases, parties to insurance contracts have special rights in respect of the investments made by the companies concerned, or parts of those investments. These rights derive from legal or contractual provisions or provisions of the Articles of Association.

Contingent commitments

Fortis is a defendant in certain claims and legal actions arising in the ordinary course of business. Based on its consult with legal counsel, management is of the opinion that the outcome of these actions is not expected to have a materially adverse effect on the consolidated financial condition of Fortis.

10 Risk management

Fortis risk management distinguishes among other the risk categories market risk and credit risk. The market risk is the risk of loss due to high volatility in financial markets of share prices, interest rates, currency rates and real estate prices. In the insurance business, market risk relates specifically to the impact of financial changes on structural positions (ALM risk). The chief market risks in the banking business can be broken down into risks affecting structural positions (ALM risks), risks arising from trading activities (trading risk) and liquidity risk.

In the insurance business, credit risk consists mainly of counterparty risk inherent in investment portfolios and mortgages. For the bank, credit risk consists primarily of the risk of default on the part of borrowers or counterparties. This risk largely stems from three possible sources, namely counterparty risk, transfer risk and settlement risk.

Market risk: Insurance

The tools Fortis uses to monitor market risk include simulation models, scenario analyses and stress testing. These are used to calculate on a regular basis the potential impact of interest rate, share price and real estate price movements on solvency, earnings and embedded value.

Fortis has investigated the sensitivity of its pre-tax insurance results to a 100 basis point upward or downward parallel shift in the yield curve. It was found that the impact on 2002 results was negligible.

Market risk: Banking

Through its non-trading portfolio, Fortis Bank is exposed to interest rate risk and the risk of share price falls. Fortis monitors and manages using risk indicators. Examples of the former type of indicator are basis point sensitivity, the Value-at-Risk (VaR) and the duration of net equity. The basis point sensitivity indicator is used to calculate to what extent the real value of all assets and liabilities changes if each point on the interest rate swap curve is individually raised or lowered by one basis point.

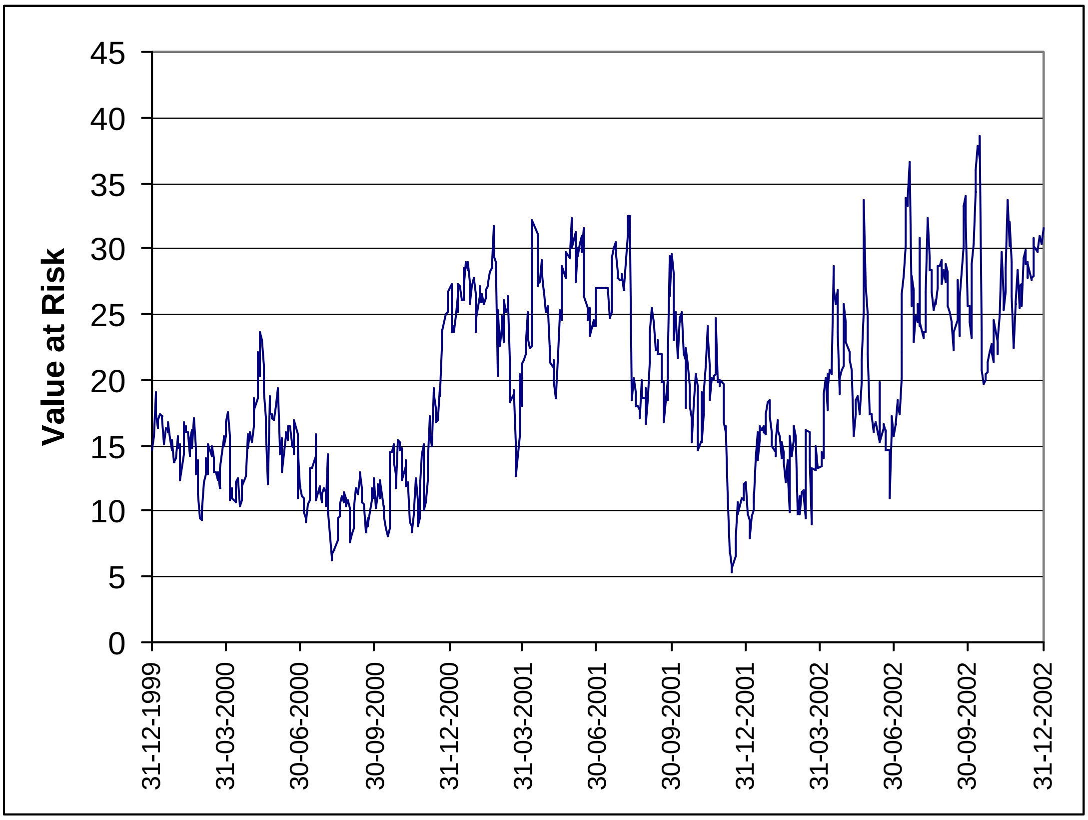
The VaR model for the bank's structural position is used to calculate potential movements in the real value of assets and liabilities due to interest rate changes, on the basis of historical interest rate volatility, a holding period of two months and a reliability interval of 99%.

The duration of net equity is a general measure of interest rate risk. The duration and real value of all products is calculated on the basis of cash flow (redemptions and interest). The duration of net equity is such that the duration of the sum of the assets is equal to the duration of the sum of the liabilities, including net equity.

The risk indicator based on earnings calculation (Earnings-at-Risk) simulates the effect of an interest rate movement on future earnings. Using a central interest rate scenario and four other standard interest rate scenarios (parallel shift +100 bp, parallel shift –100 bp, a steeper yield curve: short –100 bp/long +100 bp or a flatter yield curve: short +100 bp/long –100 bp), net interest income (including volume effects) under each of the scenarios is calculated for the next three years. The sensitivity of earnings to interest rate movements can be measured by the difference between the best and worst net interest income figures calculated in this manner compared to the net interest income according under the central scenario.

The bank monitors risks arising from trading activities by means of qualitative controls and intensive use of quantitative models based on sensitivity and probability analyses. Value-at-Risk reports are compiled daily based on an adaptation of two methods: the variance/covariance model and the historical simulation model. The VaR reports are based on a holding period of one day and a probability of 99%. The table below shows the development of a few VaR figures. Also included in the survey is the efficiency ratio (the ratio of the ex-post volatility to the ex-ante VaR).

	2002	2001	2000
VaR as per 31 December	31.5	12.0	19.0
Highest VaR	38.5	27.8	23.7
Lowest VaR	7.9	9.4	6.2
Average VaR	21.8	17.5	13.4
Efficiency ratio (in %)	94	89	97



Market risk: Banking - Liquidity

Given the importance of the capital markets as a potential source of financing, the liquidity risk is closely related to the company's solvency and to the confidence that creditors place in the ability of Fortis to meet its financial commitments. Fortis manages the bank's liquidity risk such that it can meet customers' demands, repayment commitments and capital requirements even under unfavourable market conditions.

Credit risk: Insurance

Fortis keeps the credit risk of its insurance business to a minimum by subjecting its public and private sector investments to strict creditworthiness criteria. Limits are set for the amount that may be invested in any single company, and investments are spread across geographical areas and sectors. A substantial portion of Fortis's insurance portfolio in the Benelux countries is invested in fixed-income securities which are guaranteed directly or indirectly by a sovereign state.

The table below gives an idea of the diversification within the credit portfolios of Fortis Insurance.

	31-12-2002	*31-12-2001*	*31-12-2000*
Relating to the private sector:			
Mortgage loans, individuals	10,728.3	9,754.0	8,138.4
Corporate debentures	8,299.1	6,884.9	7,247.7
Other	8,403.3	8,841.2	9,840.0
Total relating to the private sector	27,430.7	25,480.1	25,226.1
Relating to the public sector	18,408.7	19,118.3	17,617.7
Relating to banks	7,900.8	7,712.7	5,793.5
Total credit risk [1]	**53,740.2**	**52,311.1**	**48,637.3**

1) Consists of fixed-income securities (investments) and loans to credit institutions and customers.

Credit Risk: Banking

The Bank's chief credit risks are counterparty default risk and country risk. The management of these risks is based on strict control procedures applied to the - fully independent -credit approval process. The credit policy is aimed primarily at spreading risks across various sectors, countries and markets.

A concentration of credit risk arises when the credit exposure of a group of counterparties is similarly impacted by economic trends, changes within a sector or geographical developments. Although the financial instruments in Fortis's portfolio are spread widely across various sectors, products and geographical areas, there is a potential concentration risk due to significant transactions which the bank concludes with other financial institutions, particularly in the field of loans (including repurchasing/reselling of securities), securities trade and derivative transactions. On the other hand, bonds issued by the Belgian, Dutch, German, Spanish, Italian, French and US governments represent a considerable credit exposure.

The following securities kept for investment purposes represented more than 10% of shareholder's equity:

	2002	*2001*	*2000*
Belgian government	27,846.8	34,072.7	39,171.7
Dutch government	9,789.6	9,134.8	6,873.4
German government	4,118.7	5,665.9	4,753.6
Spanish government	10,132.1	10,108.2	3,962.5
Italian government	13,420.3	12,366.9	5,648.2
French government	3,472.9	2,796.1	1,253.9
U.S. government	3,345.2	3,285.2	2,705.0

The tables below give an idea of the diversification within Fortis Bank’s credit portfolios.

	31-12-2002	31-12-2001	31-12-2000
Relating to the private sector:			
Mortgage loans, individuals	44,677.5	40,816.3	40,006.3
Corporate debentures	8,004.2	8,005.0	7,383.9
Other	117,706.9	125,470.2	113,337.5
Total relating to the private sector	170,388.6	174,291.5	160,727.7
Relating to the public sector	67,726.6	73,399.8	57,582.8
Relating to banks	90,127.9	71,751.7	72,406.5
Total balance sheet risk [1]	328,243.1	319,443.0	290,717.0
Derivatives [2]	5,663.0	2,659.4	3,353.9
Credit related instruments [3]	86,007.0	84,892.0	88,612.2
Total off balance sheet risk	91,670.0	87,551.4	91,966.1
Total credit risk	**419,913.1**	**406,994.4**	**382,683.1**

1) Consists of fixed-income securities (investments) and loans to credit institutions and customers.
2) Based on credit equivalents.
3) Consists of outstanding acceptances, fixed lending obligations, documentary credits, deposits and guarantees (notional amounts).

	31-12-2002	31-12-2001	31-12-2000
Agriculture, forestry and fishing	1,389.9	1,440.7	1,261.9
Energy and water	6,025.9	4,461.0	4,162.5
Mining and minerals	1,929.3	1,966.3	2,034.6
Chemicals and plastics	2,406.5	2,828.8	2,596.4
Metallurgy	2,769.8	2,458.1	2,362.0
Other industry	5,406.8	5,868.1	6,267.7
Construction and mechanical engineering	2,518.9	2,928.9	3,.061.9
Trade, hotels and catering	13,087.0	10,916.9	11,630.2
Transport and communication	5,184.2	4,930.7	6,356.5
Real estate	7,431.2	8,593.9	7,431.2
Financial services and insurance	18,976.3	29,744.6	30,443.6
Other services	16,041.1	23,625.4	17,203.8
Consumer credits	52,091.1	46,593.9	48,080.9
Corporate debentures	8,004.2	8,005.0	7,383.9
Repo's to customers	13,186.0	10,762.8	3,675.5
Unclassified	13,940.4	9,166.4	6,775.1
Total	**170,388.6**	**174,291.5**	**160,727.7**

Special attention is given to the credit risk arising from derivative-related activities, capital market transactions and transactions with financial institutions. Where possible, Fortis limits these risks by entering into netting agreements and by requiring collateral to cover counterparties’ liabilities.

The table below presents the weighted credit exposure of the derivatives positions as at 31 December. The credit risk is based on the notional amounts, multiplied by the credit risk factor based on the risk inherent to the instrument and the term to maturity.

	2002	*2001*	*2000*
Interest contracts	2,803.5	1,173.9	1,799.8
Currency contracts	1,567.7	1,098.3	1,416.8
Other contracts	1,291.8	387.2	137.3
Total	**5,663.0**	**2,659.4**	**3,353.9**

Credit risk: Banking - Country risk

Fortis Bank’s country risk policy is aimed at adequately managing the country risk. By country risk we mean the risk of a foreign government defaulting on its obligations or preventing other debtors in their respective countries from transferring funds to foreign creditors, or of specific circumstances in a country (e.g. war, political or social unrest) causing a large number of debtors there to default. The country risk relates to loans to counterparties established in foreign countries, with the exception of European Union countries, Australia, Canada, Japan, New Zealand, Norway, Singapore, the United States and Switzerland.

The supervisory authority has issued guidelines for the calculation of country risk. The risk is calculated by deducting from the amount of the loans certain items defined by the supervisory authority. The fixed deductibles include elements which by their nature are not prone to country risk, the loan loss provision and collateral received. The supervisory authority has set minimum requirements for country risk provisions. Fortis will make additional provisions if it considers this necessary.

The table below presents the country risk for Fortis’banking operations, by region, in accordance with supervisory regulations, at 31 December.

				2002
	Gross exposure	Deductibles	Provision against country risk	Mitigated exposure
Latin America	1,341.7	1,222.1	46.2	73.4
Asia	819.9	780.6	24.0	15.3
Central and Eastern Europe	1,027.0	931.3	34.8	60.9
Middle East and Africa	2,992.9	2,822.8	110.0	60.1
Total	**6,181.5**	**5,756.8**	**215.0**	**209.7**

				2001
	Gross exposure	Deductibles	Provision against country risk	Mitigated exposure
Latin America	1,858.6	1,639.0	54.1	165.5
Asia	840.9	760.8	27.0	53.1
Central and Eastern Europe	1,202.3	1,045.4	34.3	122.6
Middle East and Africa	3,106.8	2,900.3	126.9	79.6
Total	**7,008.6**	**6,345.5**	**242.3**	**420.8**

In the table below the exposure is broken down by the risk profile of the countries, as defined by the regulators, at 31 December.

				2002
	Gross exposure	Deductibles	Provision against country risk	Mitigated exposure
No risk	0.0	0.0	0.0	0.0
Low risk	1,591.5	1,532.6	5.6	53.3
Middle risk	1,050.4	910.2	44.4	95.8
High risk	3,539.6	3,314.0	165.0	60.6
Total	**6,181.5**	**5,756.8**	**215.0**	**209.7**

				2001
	Gross exposure	Deductibles	Provision against country risk	Mitigated exposure
No risk	472.8	317.3	0.0	155.5
Low risk	1,678.6	1,605.5	5.9	67.2
Middle risk	1,141.2	965.0	40.4	135.8
High risk	3,716.0	3,457.7	196.0	62.3
Total	**7,008.6**	**6,345.5**	**242.3**	**420.8**

11 Investments and assets under management

Investments

The summary below shows the carrying value, the fair value for investments and investment income as a percentage of quarterly average book value. The difference between the book value and the fair value of these debt securities is largely due to the difference between the rate of interest at the time of their purchase and the rate of interest at balance sheet date. Such differences of interest rate also affect the technical insurance commitments to which these investments are related. Because of outstanding commitments related to profit sharing arrangements, unrealized capital gains and losses of the insurance business will be charged to the shareholders only to a limited extent.

			Book value			*Fair value*
	2002	*2001*	*2000*	*2002*	*2001*	*2000*
Land and buildings	6,557.5	5,840.2	5,678.5	6,557.5	5,840.2	5,678.5
Shares	9,905.0	14,166.9	16,077.9	9,905.0	14,166.9	16,077.9
Debt securities	121,467.9	125,871.3	108,824.9	126,044.8	127,612.9	110,327.9
Other investments	2,168.3	1,797.9	3,621.7	2,262.6	1,841.7	3,622.0
Total	**140,098.7**	**147,676.3**	**134,203.0**	**144,769.9**	**149,461.7**	**135,706.3**

			Investment income as % of investments
	2002	*2001*	*2000*
Land and buildings	8.0	10.1	10.5
Shares	(23.7)	(10.6)	0.8
Debt securities	5.3	5.8	6.4
Other investments	0.7	4.4	1.6
Total	**2.8**	**4.2**	**5.8**

Debt securities are valued at amortization value in the balance sheet. Realized gains on debt securities are taxable. Shares and land and buildings are valued at fair value, and revaluations are recorded in equity, taking into account tax implications. Tax is in principle payable when the deferred capital gain on land and buildings is realized. The unrealized capital gain on land and buildings for banking and insurance was EUR 950 million (2001: EUR 983 million; 2000: EUR 561 million). The unrealized capital loss on shares was EUR 1,096 million (2001: EUR 1,473 million; 2000: EUR 3,977 million). In certain cases the capital gain is tax-exempt upon realization. The share portfolio consists almost entirely of listed shares.

As the debt securities consist largely of loans to government authorities, public bodies and banks, they are readily marketable. Other investments consist primarily of Treasury bills and participating interests in investment pools.

Investment income

The table below shows investment income, including non-operating items.

	Land and buildings	*Shares*	*Debt securities*	*Other investments*	*Total*
					2002
Gross investment income	558.2	411.4	6,071.0	118.6	7,159.2
Realized capital gains	(4.7)	(793.2)	449.8	(105.2)	(453.3)
Revaluations	59.9	(1,492.2)			(1,432.3)
Unrealized capital gains / losses included in P&L	(118.8)	(1,093.3)			(1,212.1)
Total	**494.6**	**(2,967.3)**	**6,520.8**	**13.4**	**4,061.5**

	Land and buildings	*Shares*	*Debt securities*	*Other investments*	*Total*
					2001
Gross investment income	430.8	411.2	6,389.0	146.0	7,377.0
Realized capital gains	22.0	537.0	323.0	(28.0)	854.0
Revaluations	124.5	(2,484.7)			(2,360.2)
Total	**577.3**	**(1,536.5**)	**6,712.0**	**118.0**	**5,870.8**

	Land and buildings	*Shares*	*Debt securities*	*Other investments*	*Total*
					2000
Gross investment income	401.4	369.0	6,428.2	79.0	7,277.6
Realized capital gains	90.5	776.9	207.0	7.3	1,081.7
Revaluations	64.5	(1,034.0)			(969.5)
Total	**556.4**	**111.9**	**6,635.2**	**86.3**	**7,389.8**

Assets under management by origin

	2002	*2001*	*2000*
Investments insurance	49,999.1	50,487.3	49,649.8
Investments banking	89,978.6	96,866.9	84,098.8
Total investments for own account [1]	140,098.7	147,676.3	134,203.0
Investments on behalf of policyholders	18,390.6	23,567.4	22,012.7
Funds under management	131,327.6	144,862.7	157,630.3
Total assets under management	**289,816.9**	**316,106.4**	**313,846.0**

1) This amount also includes the intercompany accounts and investments which cannot be attributed either to insurance or to banking.

Funds under management by type of investment

	2002			
	Shares	Land and buildings	Debt securities	Total
Private Banking	21,632.0		29,043.0	50,675.0
Asset Management	28,527.0	11.0	44,228.0	72,766.0
Other	5,643.6	461.0	17,987.3	24,091.9
Subtotal	55,802.6	472.0	91,258.3	147,532.9
Eliminations	(11,454.3)		(4,751.0)	(16,205.3)
Total funds under management	**44,348.3**	**472.0**	**86,507.3**	**131,327.6**

Roll-forward funds under management

	Private Banking	Asset Management	Other	Eliminations	Total
Closing balance at 31 December 2001	**59,301.0**	**79,432.0**	**22,333.7**	**(16,204.0)**	**144,862.7**
Net new means	1,058.0	2,202.0	2,646.2	(1,962.3)	3,943.9
Capital gains / losses	(8,664.0)	(10,881.0)	(1,388.0)	1,961.0	(18,972.0)
Transfer between business lines and other	(1,020.0)	2,013.0	500.0		1,493.0
Closing balance at 31 December 2002	**50,675.0**	**72,766.0**	**24,091.9**	**(16,205.3)**	**131,327.6**

12 Employee benefits

Fortis has a number of defined pension benefit plans covering virtually all of its employees. The benefits are based on years of service and on the level of remuneration. Pension commitments are determined based, among other things, on such factors as mortality, personnel changes and wage projections, allowing for the specific economic conditions in each country or company. Discount rates are set on the basis of the yield (on the valuation date) of debt securities issued by blue-chip companies (or by the government in the absence of a representative market). When determining pension costs secundary elements of remuneration are also included, such as the reimbursement of a part of the health insurance premium and personnel conditions on specific financial products, which continue to exist during retirement.

The following table provides the components of pension costs:

	2002	2001
Service cost	232.4	199.8
Interest cost	317.6	297.2
Expected return on plan assets	(295.1)	(302.8)
Amortization of deferred items	30.8	2.6
Net periodic pension costs	**285.7**	**196.8**

The following table provides the parameters applied:

	2002	2001
Discount rate	4.50 - 6.75	5.40 - 7.75
Expected return on plan assets	4.50 - 8.50	5.40 - 9.00
Rate of remuneration increase	1.50 - 5.50	1.50 - 5.50

The following table presents changes in pension obligations and the fair value of plan assets. The net amount has been recorded in the balance sheet either under the item other assets or under other liabilities.

	2002	2001
Benefit obligations at 1 January	**5,886.5**	**5,256.2**
Acquisitions group companies	49.6	67.3
Service costs	232.4	199.8
Interest costs	317.6	297.2
Plan amendments	131.8	160.7
Plan participants' contributions	1.5	8.2
Actuarial gains and losses	(68.5)	174.5
Exchange differences	(61.6)	(4.2)
Benefits paid	(299.7)	(273.2)
Benefit obligations at 31 December	**6,189.6**	**5,886.5**
Fair value of plan assets at 1 January	**5,349.1**	**5,046.6**
Actual return on plan assets	(356.8)	130.5
Acquisitions group companies	(2.8)	36.9
Employer contribution	515.3	404.5
Plan participants' contributions	1.5	8.2
Exchange adjustments	(33.2)	(4.4)
Benefits paid	(299.7)	(273.2)
Fair value of plan assets at 31 December	**5,173.4**	**5,349.1**

The plan assets are comprised predominantly of fixed-income securities and investment contracts with insurance companies.

	2002	2001
Funded status	(1,016.2)	(537.2)
Unrecognized net actuarial loss	881.9	379.7
Unrecognized prior service costs	152.8	116.5
Unrecognized net transition obligation	62.0	19.1
Unrecognized other gains / losses	(2.6)	28.0
Prepaid pension costs	**77.9**	**6.1**
Recognized as follows:		
- Prepaid pension costs (within other assets)	487.7	644.1
- Accrued pension costs (within other liabilities)	(409.8)	(638.0)
	77.9	**6.1**

Due to a decline in 2002 in the value of the pension investments compared with Fortis employees' accrued pension rights, a supplementary pension commitment in the amount of EUR 138 million, after taxation, was charged to net equity.

The aggregate pension benefit obligation and aggregate fair value of plan assets with respect to overfunded plans at 31 December 2002 were EUR 1,069.8 million and EUR 1,407.8 million respectively (2001: EUR 1,515.8 million and EUR 2,161.0 million respectively). The aggregate pension benefit obligation and aggregate fair value of plan assets with respect to underfunded plans at 31 December 2002 were EUR 5,119.7 million and EUR 3,765.5 million respectively (2001: EUR 4,370.7 million and EUR 3,188.2 million respectively).

Defined Contribution Plans

Fortis also sponsors a number of defined contribution plans around the world. Employees may contribute to the plan based on a percentage of their remuneration, but limited by local tax laws. Aggregate contributions for defined contribution plans amounted to EUR 67.8 million in 2002 (2001: EUR 51.2 million; 2000: EUR 70.8 million).

13 Employee stock and option plans

As an additional incentive to its employees, in the past few years Fortis has offered its personnel a number of stock option plans on Fortis shares. Prior to 1999, the plans were offered primarily to senior management and to the employees in the Netherlands. In 1999 and 2000 the plans were extended and offered to employees of Fortis in Belgium, the Netherlands, Luxembourg, United Kingdom, Spain and France. With the exception of the Executive Committee and senior management no employees were offered options in 2001. In 2002 Fortis offered personnel the opportunity to purchase Fortis shares. Therefore, Fortis SA/NV and Fortis N.V. issued 1,752,500 new shares.

Because of the differing tax regimes, there are differences in the duration and exercise price of the options offered in each country.

An overview of the options granted tot the Fortis Board of Directors and the Executive Committee is included in note 18 “Compensation of Fortis Directors and Executive Committee members”.

Options offered in	*2002*	*2001*	*2000*	*1999*	*1998*	*1997*
Exercise period	2006-2009	2006-2008	2005-2007	2004-2009	2003	2002-2007
Numbers of options offered	3,668,404	344,750	10,555,700	18,665,150	5,188,100	4,742,050
Average exercise price	26.55	37.57	35.21	30.41	27.57	19.86
Exercised/lapsed before 2002			650	28,000	1,766,000	3,560,330
Exercised in 2002						869,800
Lapsed in 2002	23,300		181,000	560,400		85,300
Outstanding 31 December 2002	3,645,104	344,750	10,374,050	18,076,750	3,422,100	226,620
On new Fortis shares	2,905,804		10,017,100	18,076,750	3,422,100	226,620
On existing Fortis shares	739,300	344,750	356,950			

For senior management in the United States there is a separate option plan based on preferred shares of Fortis, Inc. The options cannot be exercised in the first three years and have a maturity of ten years. The valuation of the preferred shares of Fortis, Inc. is directly linked to the market value of Fortis shares. The total number of options granted in 2002 was 87,500 (2001: 75,900; 2000: 55,750). The total number of options outstanding at 31 December 2002 was 339,700 (2001: 314,250; 2000: 239,501), of which 149,900 (2001: 279,842; 2000: 209,060) cannot yet be exercised. To cover the costs of this plan a debt of EUR 0.7 million (2001: EUR 0.8 million; 2000: EUR 2.1 million) was included.

Due to the acquisition of ASR Verzekeringsgroep (now “Fortis ASR”) the current personnel option plans on ASR shares were converted into personnel option plans on Fortis shares effective from 15 January 2001. The table below reflects the number of Fortis share options based on the movement in the number of options from the moment of the acquistion of ASR.

Options offered in	*2000*	*1999*	*1998*	*1997*
Exercise period	2003-2005	2002-2004	2001-2003	2000-2002
Number of options offered upon acquisition of ASR	265,779	403,950	90,047	17,375
Exercise price	17.47	19.26	25.33	15.33
Exercised before 2002			3,885	1,243
Exercised in 2002				15,044
Lapsed in 2002				1,088
Outstanding 31 December 2002	265,779	403,950	86,162	

Fortis ASR has also granted to some of its employees stock appreciation rights (SARs) with respect to ASR shares. SAR holders are entitled to a cash payment equal to the difference between the exercise price and the actual price of the ASR shares at the time of exercise of the SAR. On 15 January 2001 the underlying asset was converted to a Fortis share. The table below reflects the movements in the number of SARs since the acquisition of ASR.

SARs offered in	*2000*	*1999*
Exercisable from	2003-2005	2002-2004
Number of SARs upon acquisition of ASR	1,279,783	1,035,626
Exercise price	17.47	19.26
Exercised in 2002		
Outstanding 31 December 2002	1,279,783	1,035,626

As of 31 December 2002 Fortis ASR held 3,071,300 Fortis shares to hedge the option and SAR plans.

14 Income taxes

The result before taxation includes some income items on which no income tax is payable by group companies. In addition, special tax arrangements are in force in many countries in which Fortis operates.

	2002	*2001*	*2000*
Taxation on profit from operating result	(910.2)	(1,048.9)	(1,044.4)
Taxation on unrealised capital losses on the investment portfolio of shares	117.0		
Taxation on non operating items	29.1	131.0	(105.1)
Total taxation on result	(764.1)	(917.9)	(1,149.5)
Taxation recorded in net equity	(81.0)	214.8	65.3
Total taxation	**(845.1)**	**(703.1)**	**(1,084.2)**
Current:			
Belgium	(525.4)	(366.6)	(284.5)
The Netherlands	73.7	(157.4)	(133.0)
Other	(213.7)	(448.0)	(375.9)
Total current income taxes	(665.4)	(972.0)	(793.4)
Deferred:			
Belgium	(133.7)	(108.2)	(296.1)
The Netherlands	38.5	60.0	(72.6)
Other	(3.5)	102.3	12.6
Total deferred income taxes	(98.7)	54.1	(356.1)
Total taxation on result	**(764.1)**	**(917.9)**	**(1,149.5)**

Expected income tax has been determined by relating the result before taxation to the weighted average standard tax rate. Differences between the expected taxation and actual taxation are summarized as follows:

	2002	*2001*	*2000*
Operating result before taxation	2,545.7	3,493.4	3,617.3
Unrealised capital losses on the investment portfolio of shares	(1,148.5)		
Non operating items	72.4	199.8	517.5
Total result before taxation	1,469.6	3,693.2	4,134.8
Current period average rate (in %) [1)]	41.0	38.3	39.7
Expected taxation	(602.4)	(1,416.6)	(1,641.3)
Increase / decrease resulting from:			
- Tax-exempt income (including unrealized capital gains and losses)	(176.5)	384.0	291.3
- Non-deductible expenses	(70.7)	(35.4)	(50.8)
- Foreign tax rate differential	1.9	17.4	45.5
- Other	83.6	132.7	205.8
Total taxation on result	**(764.1)**	**(917.9)**	**(1,149.5)**

1) Weighted average standard tax rate.

Deferred tax assets and liabilities at 31 December 2002 consist of the following:

	2002	*2001*	*2000*
Deferred tax assets:			
Provisions	362.1	566.7	452.5
Insurance technical provisions	1,446.5	1,507.9	1,562.9
Deferred gains on fixed income investments	206.8	204.2	98.0
Pensions and other post-retirement liabilities	159.2	178.5	105.0
Net operating loss carryforwards	259.0	148.3	161.4
Other	482.5	455.8	303.1
Total deferred tax assets	2,916.1	3,061.4	2,682.9
Deferred tax liabilities:			
Land and buildings	1,341.1	1,176.4	734.3
Valuation of equity securities, venture capital and debt securities	295.5	105.6	584.8
Valuation of trading portfolio		0.2	1.9
Deferred acquisition costs	690.6	802.5	915.9
Pensions and other post-retirement liabilities	142.0	251.3	85.9
Prepayment and accrued income	25.4	29.5	35.9
Tax-exempt reserves	189.0	223.3	223.3
Other	610.8	598.6	762.3
Total deferred tax liabilities	3,294.4	3,187.4	3,344.3
Net deferred tax	**(378.3)**	**(126.0)**	**(661.4)**

Deferred tax assets and liabilities are classified by tax entity and recorded in the balance sheet as follows:

	2002	*2001*	*2000*
Deferred tax asset within other assets	2,139.6	2,335.4	2,483.4
Deferred tax liability within other liabilities	2,517.9	2,461.4	3,144.8
Net deferred tax	**(378.3)**	**(126.0)**	**(661.4)**

15 Earnings per share

The following table specifies the calculation of earnings per share (EPS):

	2002	*2001*	*2000*
Net operating profit	430.1	2,267.4	2,355.2
Non operating items after taxation	101.5	330.8	412.4
Income available to ordinary stockholders for EPS	531.6	2,598.2	2,767.6
Interest saved on convertible securities		41.7	41.9
Profit used for calculating diluted EPS	**531.6**	**2,639.9**	**2,809.5**
Weighted average ordinary shares outstanding			
applicable to basic EPS (in thousands)	1,294,417	1,293,282	1,214,964
Effect of dilutive securities:			
Options	82	728	2,086
Warrants	28	81	96
Convertible securities	3	40,283	42,037
Adjusted weighted average ordinary shares outstanding			
applicable to diluted EPS (in thousands)	**1,294,530**	**1,334,374**	**1,259,183**
Earnings per share:			
Net operating profit	0.33	1.75	1.94
Non recurring items after taxation	0.08	0.26	0.34
Net profit	**0.41**	**2.01**	**2.28**
Earnings per share fully diluted			
Net operating profit	0.33	1.73	1.90
Non recurring items after taxation	0.08	0.25	0.33
Net profit	**0.41**	**1.98**	**2.23**

In 2002 weighted average options of 20,014,692 shares (2001: 3,258,799; 2000: 431,482) with weighted average exercise prices of EUR 32.50 per share (2001: EUR 35.09; 2000: EUR 39.00) were excluded from the calculation of diluted EPS because the exercise price of the options was higher than the average market price of the shares. During 2002 66,072,567 shares arising from convertible securities were excluded from the calculation of earnings per share because the interest saved on these securities was higher than the earnings per share.

16 Non-operating items

The following table gives an overview of non-operating items after taxation:

	2002	*2001*	*2000*
Non-operating items	72.4	199.8	517.5
Taxation on non-operating items	29.1	131.0	(105.1)
Non-operating items after taxation	**101.5**	**330.8**	**412.4**
Non recurrent capital gains:			
- Suez (Insurance)		263.6	149.3
- Fortis Financial Group (Insurance)		35.9	
- Australia (Insurance)		45.9	
- Kempen & Co. (Insurance)		80.0	
- Arbed (Banking)	18.7		
- TOP Lease (Banking)	72.6		
- Cedel (Banking)	92.3		
- Liffe Seats (Banking)		11.0	
- SES Global (Banking)		74.6	
- Euronext (Banking)			99.3
Release of millennium provisions:			
- Insurance			69.6
- Banking			94.2
Reorganisation provisions:			
- Insurance	(17.9)	(57.4)	
- Banking	(52.7)	(151.3)	
- General		(3.0)	
Change tax rate Belgium	(11.5)		
Change tax rate Luxembourg		31.5	
Non-operating items after taxation	**101.5**	**330.8**	**412.4**

17 Influence of translation differences

Currency movements affected operating result before taxation and net equity. Operating result before taxation fell by 27.1% (2001: down 3.4%); after adjustment for currency effects this decline was 28.7% (2001: down 3.7%). Net equity decreased by 21.5% (2001: down 8.9%), from EUR 13,844.5 million to EUR 10,870.9 million (2001: from EUR 15,196.8 million to EUR 13,844.5 million). After adjustment for currency effects the decrease in net equity was 25.2% (2001: down 9.4%).

18 Remuneration of Fortis Directors and Executive Committee members

Remuneration of Fortis Directors

The remuneration of the members of the Board of Directors is determined in accordance with the Articles of Association of Fortis. Detailed proposals for remuneration for non-executive directors are formulated by the Compensation & Nominating Committee, based upon advice from outside experts. The structure and levels of remuneration are determined in view of the specific responsibilities of the non-executive directors in the Fortis boards and general international market practice. None of the non-executive directors received an annual incentive award or stock options in 2002. Pursuant to their previous executive position within Fortis, some non-executive directors hold options and are entitled to pension rights for the period during which they held such a position.

For the 2002 financial year, total remuneration of the non-executive directors amounted to EUR 2.3 million (2001: EUR 2.6 million). This amount includes both regular basic remuneration for board membership and board committee meetings attendance fees. Remuneration of the CEO, who is a member of the Board of Directors, is explained below under "Remuneration of the CEO and Executive Committee members". The remuneration of each director is shown in the table below. The table also shows the number of Fortis shares and options held by the directors and credits or loans granted by Fortis companies to the directors.

	Function (Except for the CEO all directors are non-executives)	*2002 remuneration (EUR)*	*Fortis shares held on 31-12-02*	*Options on Fortis shares outstanding 31-12-02)* [1]	*Loans & credit outstanding 31-12-02 (EUR)* [2]
Hans Bartelds	Chairman [3]	33,000	5,248	40,450	
Jacob Glasz	Chairman [4]	221,000 [5]			317,646 [6]
Count Maurice Lippens	Chairman	309,000	700,000	55,900	800,000 [7]
Viscount Etienne Davignon	Vice-Chairman	173,000	1,000		
Jan Slechte	Vice-Chairman	167,000			
Anton van Rossum	CEO	2,100,000		138,650 [8]	
Baron Valère Croes	Director	127,000	6,282		
Jan-Michiel Hessels	Director	121,000			
Henjo Hielkema	Director	167,000		33,950	215,800 [6]
Baron Daniel Janssen	Director	124,000 [9]	70,855		
Mrs Christine Morin-Postel	Director	121,000 [9]			
Mrs Annemieke Roobeek	Director	124,000			
Martin Schröder	Director	124,000 [5]			
Philippe Speeckaert	Director	127,000	2,709		148,700 [6]
Baron Piet van Waeyenberge	Director	154,000 [9]			
Klaas Westdijk	Director	131,000			348,850 [6]

1) Details on options held are given on page 66.
2) Granted at market conditions at time of granting.
3) Chairman until 1 February 2002; in 2002 an amount of EUR 967,000 was paid pursuant to Mr Bartelds' former executive position, which ended on 27 September 2000.
4) Chairman as from 1 February 2002.
5) Amount subject to VAT (19%).
6) Mortgage loan.
7) Cash-credit and straight loan.
8) In addition to the options mentioned, the CEO in 2000 was granted 86,475 Stock Appreciation Rights ("SARs") on Fortis shares. SARs entitle the CEO to a cash payment by Fortis that equals the difference - if it becomes positive- between the current price of Fortis shares at the moment of exercising the SAR and the exercise price (EUR 28.91), i.e. the market price of the Fortis shares on 27 June 2000 (in which the difference is limited to a maximum of EUR 28.91). The SARs may be exercised between 31 August 2003 and 31 August 2005, during predetermined "open" periods.
9) Total remuneration is paid to a company outside Fortis, where the director exercises a function.

Remuneration of the CEO and Executive Committee members

The remuneration of the CEO and Executive Committee members is designed to:
- ensure the organization's continued ability to attract, motivate and retain high-calibre and high-potential executive talent for which Fortis competes in an international market place;
- promote achievement of demanding performance targets in order to align the interests of executives and shareholders in the short, medium and long term;
- stimulate, recognize and reward both strong individual contribution and solid team performance.

Both the levels and structure of remuneration for Fortis senior executives is analyzed on an annual basis. At the initiative of the Compensation & Nominating Committee, Fortis's competitive positioning is regularly reviewed by and discussed with a leading international firm of compensation and benefits consultants, in light of the practices of other major Europe-based international financial services groups and other organizations operating on a global basis.

The reward package for the CEO and Executive Committee members reflects a concept of "integrated" total direct compensation, combining the following three major components of pay: base salary, annual incentive (short-term performance-related bonus) and long-term incentive.

In calibrating the various remuneration components, the objective is to position the potential overall remuneration levels clearly well in line with compensation practices of other leading multinational firms. The variable, performance-related pay components are the dominant portion of the executives' total compensation package, i.e. total 'pay-at-risk' in terms of targeted short- and long-term incentives compensation levels represent at least 60% of the executives' potential total compensation.

Base salary

Base salary levels are intended to compensate the executives for their position responsibilities and their particular set of competencies. These levels are set in line with general prevailing market rates for equivalent-type positions and are subject to regular annual reviews. Base salary levels have remained unchanged since 1999.

Annual incentive

The annual incentive is designed to stimulate, recognize and reward strong individual contribution by the executives as well as solid performance as team members within the Executive Committee and within their respective businesses. Payout under the annual incentive scheme is directly linked to the actual performance against a set of predetermined qualitative and quantitative performance metrics. Target annual incentive payouts are expressed as percentages of base salary and range between 70% and 100%, depending upon the position within the Executive Committee. The actual annual incentive is determined based on the degree of actual achievement of the objectives and the outcome of the overall performance appraisal process.

Long-term incentive

The long-term incentive plan is designed to:

- encourage and support the creation of shareholder value and to ensure that the executives, like the shareholders, share in the company's successes and setbacks;
- provide the opportunity for executives to receive overall competitive rewards for performance as a result of sustained group performance over a longer period of time and enable the organization to outperform a group of Fortis's peers in the international market.

Key features of the 2002 long-term incentive plan are as follows:

- initial target long-term incentive levels are set by the Compensation & Nominating Committee for each executive level and are determined as percentages of annual base salary;
- actual long-term incentives are recommended by the Compensation & Nominating Committee on the basis of Fortis's actual share performance relative to a peer group of Europe's top 30 financial institutions (as determined by market capitalization). Fortis' relative share performance is measured annually, with its share price development benchmarked on a quarterly basis.

In 2002, the long-term incentive was paid out as a combination of options and cash. The 2002 grant stipulates a strike price of EUR 32.23, being 128 % of the Fortis share market value at the time they were granted (EUR 25.18 on 26 April 2002) and an option term of six years. Options can be exercised, during predetermined recommended “open periods” falling within a time frame ranging from the first day of the year following the third anniversary of the grant until the end of the option term.

As part of the annual review of the executive remuneration package, the Compensation & Nominating Committee has thoroughly examined current and anticipated long-term incentive practices of major financial institutions in Europe. Based on this review, the Compensation & Nominating Committee has recommended to the Board that it amend the approach to payment of the long-term incentive for 2003. In 2003 the long-term incentive will be paid out as a combination of options and shares, of which terms and conditions will be fixed during the second quarter of 2003.

Other components

The CEO and members of the Executive Committee participate in Fortis’s pension plans in either Belgium or the Netherlands. These schemes are in line with predominant market practices in the respective geographic environments; they are non-contributory defined benefit plans, providing retirement and pre- and post-retirement survivors’ pensions or their lump sum equivalent. Normal retirement benefits apply starting at age 60. Target defined pensions, including legal pension, are set at percentages of base salary and range between 65% and 80%, depending on the position within the Executive Committee and on the number of years the executive has been at Fortis. Other benefits, such as medical and other insurance coverages, are provided in line with competitive practices in the market where the executive is employed.

Compensation of the CEO and Executive Committee members in 2002

For 2002 total remuneration for the CEO was EUR 2.1 million (2001: EUR 2.4 million) and included the grant of 75,200 options (exercise price EUR 32.23). This total remuneration was composed of a base salary of EUR 750,000 (2001: EUR 750,000), an annual incentive of EUR 525,000 (2001: EUR 810,000) and an amount of EUR 800,000 (2001: EUR 809,000) representing the other remuneration components (net periodic pension cost, long-term incentive paid in cash and other costs).

For 2002 total remuneration for the seven Executive Committee members was EUR 8.0 million (2001: EUR 7.9 million) and included the grant of a total of 265,300 options (exercise price EUR 32.23). Total remuneration was composed of an aggregate total base salary of EUR 3.6 million (2001: 3.6 million), ranging from EUR 505,000 to EUR 614,000 per member, depending upon the position within the Executive Committee; an aggregate total annual incentive of EUR 2.7 million (2001: EUR 2.6 million), ranging, on an individual basis, from EUR 330,000 to EUR 560,000, and an aggregate total of other remuneration components of EUR 1.6 million (2001: EUR 1.7 million) for net periodic pension costs, long-term incentive paid in cash and other costs.

Details of the stock options granted to and held by the CEO, former and current members of the Executive Committee are shown in the table below.

	Outstanding 31-12-2001	Granted in 2002	Excercised in 2002	Outstanding 31-12-2002	Exercise price	Share price at exercise date	Expiry date
Non-executive directors							
M. Lippens	15,300			15,300	18.60		20-11-2007
	7,500			7,500	29.81		03-10-2006
	7,650			7,650	31.75		31-12-2009
	25,450			25,450	38.40		14-04-2006
H. Hielkema	7,500		7,500		19.97	20.60	30-06-2002
	7,500			7,500	27.57		30-06-2003
	7,500			7,500	29.81		03-10-2004
	18,950			18,950	38.40		14-04-2006
Executive Committee							
A. van Rossum	25,450			25,450	38.40		14-04-2006
	38,000			38,000	37.57		18-04-2007
		75,200		75,200	32.23		28-04-2008
H. Verwilst	15,300			15,300	18.60		20-11-2007
	7,500			7,500	29.81		03-10-2006
	7,650			7,650	31.75		31-12-2009
	18,950			18,950	38.40		14-04-2006
	26,750			26,750	37.57		18-04-2007
		52,300		52,300	32.23		28-04-2008
G. Mittler	10,350			10,350	18.60		20-11-2007
	7,500			7,500	29.81		03-10-2006
	7,650			7,650	31.75		31-12-2009
	13,350			13,350	38.40		14-04-2006
	18,000			18,000	37.57		18-04-2007
		35,500		35,500	32.23		28-04-2008
K. De Boeck	15,300			15,300	18.60		20-11-2007
	7,500			7,500	29.81		03-10-2006
	7,650			7,650	31.75		31-12-2009
	12,000			12,000	38.40		14-04-2006
	18,000			18,000	37.57		18-04-2007
		35,500		35,500	32.23		28-04-2008
J. De Mey	15,300			15,300	18.60		20-11-2007
	7,500			7,500	29.81		03-10-2006
	7,650			7,650	31.75		31-12-2009
	12,000			12,000	38.40		14-04-2006
	18,000			18,000	37.57		18-04-2007
		35,500		35,500	32.23		28-04-2008
F. Dierckx	7,500			7,500	29.81		03-10-2006
	7,650			7,650	31.75		31-12-2009
	12,000			12,000	38.40		14-04-2006
	18,000			18,000	37.57		18-04-2007
		35,500		35,500	32.23		28-04-2008
J. Feilzer	7,500			7,500	27.57		30-06-2003
	7,500			7,500	29.81		03-10-2004
	13,350			13,350	38.40		14-04-2006
	18,000			18,000	37.57		18-04-2007
		35,500		35,500	32.23		28-04-2008
C. de Swart	37,298			37,298	19.26		22-09-2004
	37,298			37,298	17.47		24-05-2005
	18,000			18,000	37.57		18-04-2007
		35,500		35,500	32.23		28-04-2008
Total	**598,796**	**340,500**	**7,500**	**931,796**			

19 Dividend

Shareholders may choose to receive a dividend from Fortis SA/NV (Belgium) or from Fortis N.V. (the Netherlands). The dividend of Fortis SA/NV is equal to the dividend of Fortis N.V.

If no express choice is made by the shareholders for a Fortis share, the following will apply:
- If the Fortis share is held by a paying agent that has an account with a CSD member of a central securities custody office established in Belgium or the Netherlands respectively, or if the Fortis share is held by a shareholder whose residence as stated in the shareholders' register is in Belgium or the Netherlands respectively, the shareholder will be deemed to have chosen the dividend of Fortis SA/NV or Fortis N.V. respectively.
- If the shareholder has received physical bearer shares, the shareholder will be deemed to have chosen the dividend of Fortis SA/NV.
- In all other cases, 50% of the relevant shares will be assigned the Fortis SA/NV dividend and 50% of the relevant shares will be assigned the Fortis N.V. dividend.

The companies comprising Fortis are subject to legal restrictions regarding the amount of dividend they may pay to their shareholders. The Netherlands Civil Code stipulates that dividends may be paid out by a Dutch company only if the net equity of the company exceeds the total of the paid-up and called-up capital and the reserves required by law or by the company's Articles of Association. Under the Belgian Companies Code, 5% of the net profit of a company must be used annually for the formation of a reserve fund. This obligation no longer applies once the reserve fund has reached a minimum of 10% of the authorized share capital. Dividends may not be paid if the level of net assets of the company falls below, or following payment of a dividend would fall below, the sum of its paid-up capital and non-distributable reserve. The Belgian and Dutch subsidiaries are also subject to dividend restrictions arising from minimum capital and solvency requirements imposed by industry, principally banking and insurance, regulators in the countries in which the subsidiaries operate.

Additionally, certain Fortis subsidiaries outside the Netherlands and Belgium are subject to restrictions on the amount of cash dividends they may pay to shareholders. Most significantly, subsidiaries in the United States are subject to dividend restrictions imposed by the respective insurance regulatory authorities in the states in which the subsidiaries in question are domiciled. For life, accident and health insurance subsidiaries, dividends are generally limited to 10% of the legally retained profit or 10% of the legal net operating result if this amount is higher. For non-life subsidiaries, dividends are limited to a specified percentage of the previous year's net equity or of the previous year's net investment results, depending on the state of domicile. Dividends paid in excess of these limitations require prior approval from the insurance regulatory authority in the state of domicile.

20 Regulatory matters and solvency

The banking and insurance regulators in Belgium and the Netherlands have agreed to coordinate the implementation of their respective supervisory powers. The agreement stipulates that each of the four authorities continue to supervise the relevant activities of Fortis in its jurisdiction. The authority that supervises the greatest volume of activities (measured in terms of capital adequacy requirements) of Fortis coordinates the activities of all Dutch and Belgian supervisory authorities with respect of Fortis. On the basis of this criterion, the Belgian regulator for banking, securities firms and public offering (Commission Bancaire et Financière ("CBF")) acts as the coordinating authority. Fortis reports to the CBF on a consolidated level. In addition, Fortis's operations in the United States are supervised by the insurance regulators in the states in which they operate.

Fortis banking subsidiaries are subject to various regulatory guidelines administered by Belgian and Dutch banking supervisors. These guidelines are in accordance with the European Union directives and guidelines developed by the Basle Committee on Banking Regulations and Supervisory Practices. The guidelines require Fortis banking subsidiaries to maintain a minimum qualifying capital relative to the on- and off-balance sheet lending (Total capital ratio). Loans are weighted according to their inherent risk. Capital must also be maintained for the market risk involved in the bank's trading activities. The requirement for the core capital (Tier 1 ratio) is 4%; for the total qualifying capital this is 8%. The table below presents the solvency ratios of the banking business.

	Minimum requirements	***2002***	*2001*	*2000*
Credit risks		142,021.7	146,066.5	151,485.6
Market risks		9,282.8	6,540.0	7,604.7
Risk-weighted assets		**151,304.5**	**152,606.5**	**159,090.3**
Tier 1 ratio	4.0%	8.2%	8.5%	7.3%
Bis-ratio	8.0%	13.0%	13.5%	11.8%

In accordance with European Union Directives, insurance companies organized in European Union member countries are required to maintain minimum solvency margins. The minimum solvency margin must be at least 16% of gross premiums written in the prior year for non-life and generally 4% of technical provisions (1% if investments are for the account of policyholders) plus 0.3% of the amount at risk under the insurance policies for life insurers. As of 31 December 2002, the solvency margins of Fortis's insurance operations computed in accordance with this directive amounted to EUR 5,773.2 million (2001: EUR 6,975.3 million; 2000: EUR 8,422.3 million). The minimum solvency was EUR 3,645.6 million at 31 December 2002 (2001: EUR 4,225.4 million; 2000: EUR 3,724.1 million). Fortis's United States insurance operations are required by insurance commissioners of the respective states of domicile to adhere to certain minimum risk-based capital ("RBC") requirements. These subsidiaries meet the minimum RBC requirements.

Solvency

Fortis has formulated a framework for solvency which defines an upper and a lower limit of core capital. The minimum limit is based on the sum of 6% of the bank's risk-weighted assets and 1.75 times the statutory minimum requirements for the insurance sector. The maximum limit comprises 7% of the bank's risk-weighted assets and 2.5 times the statutory minimum requirements for the insurance industry.

Fortis's solvency position at 31 December was:

		2002		*2001*		*2000*
Group equity		13,101.7		15,977.2		17,355.8
Fund for general banking risks		2,215.0		2,216.7		2,042.9
Tier 1 loans		2,250.0		1,000.0		
Net core capital		17,566.7		19,193.9		19,398.7
	Floor	*Cap*	*Floor*	*Cap*	*Floor*	*Cap*
Solvency requirement	15,458.0	19,705.2	16,556.6	21,254.2	16,062.5	20,446.5
Surplus / (deficit)	2,108.7	(2,138.5)	2,637.3	(2,060.3)	3,336.2	(1,047.8)
Core capital as multiple of Floor / Cap	1.14	0.89	1.16	0.90	1.21	0.95

2003 FIRST HALF YEAR OF FORTIS GROUP (INCLUDING FORTIS FINANCE)

PRESS RELEASE DATED 28 AUGUST 2003

(The figures in this press releases have only been subject to a limited review by the auditors)

- Net operating profit before value adjustments to the equity portfolio improved 2% compared to the first half of last year when market conditions were relatively better. In the second quarter the net operating profit before realized capital gains increased to EUR 540 million, or +41% compared with the first quarter of 2003.
- Revenues were depressed by lower stock markets, a flattening yield curve and reduced economic growth. However, lower interest rates presented an opportunity to realize higher capital gains on bonds.
- Total operating expenses continued to be under control, declining by 2%.
- Fortis reduced its equity exposure, as announced earlier, by approximately EUR 2 billion in the first half of this year, realizing a loss of EUR 647 million. The equity portfolio amounted to EUR 8 billion (5.5% of total investments) as at 30 June 2003, compared to EUR 10 billion (7.0% of total investments) at the end of 2002.
- The stock market recovery in the second quarter generated a net value adjustment of a positive EUR 0.5 billion compared to a negative EUR 1.2 billion in the first quarter.
- The positive net value adjustment together with net operating profit before value adjustments resulted in a net profit of EUR 1.1 billion for the second quarter of 2003.
- Net profit for the first half of 2003 was EUR 671 million compared to a loss of EUR 453 million for the first quarter.
- Fortis's solvency remains strong. As at 30 June 2003, net core capital after the dividend payment of EUR 1.1 billion was EUR 16.9 billion. This was EUR 7.2 billion or 74% above the legally required minimum and EUR 1.4 billion or 9% above Fortis's own floor.

Fortis In EUR million		First half 2003	First half 2002	Change as %
Net operating profit before realized capital gains		923	1,171	(21)
Realized capital gains [1]		500	219	128
Net operating profit after realized capital gains [1]		1,423	1,390	2
Value adjustment of the equity portfolio				
	Realized	(647)	89	
	Unrealized	(93)	-	
Net operating profit		683	1,479	(54)
Non operating items		(12)	40	
Net profit		671	1,519	(56)

[1] After tax, excluding equity portfolio.

Fortis CEO Anton van Rossum comments: 'Fortis's performance continues to be affected by the weak economy and the low, albeit improving, stock markets. We continue to make progress on the operational side of the business. However, there is still more to do. We took action to adjust to the volatile market conditions in the first half of 2003 by disposing of part of our equity portfolio and we continue to manage solvency in a prudent way. Given the uncertainties in respect of near-term interest rates and stock market levels, it is not realistic at this time to give a forecast for Fortis's full-year 2003 results.'

Banking

- Net operating profit before value adjustments to the equity portfolio down 8% on the first half of 2002, when market conditions were substantially better.
- Net interest income down 8%, mainly as a result of a flattening euro yield curve. Net realized capital gains on bonds increased 50% to EUR 342 million in the first half of 2003, benefiting from low yields and reducing our interest rate sensitivity.
- Second quarter commissions improved to EUR 446 million from EUR 426 million in the first quarter. However, compared to the first six months of 2002, net commission income declined 8% to EUR 872 million in the first six months of 2003 mainly due to lower stock market-related activities.
- Results from financial transactions (excluding realized gains) improved to EUR 350 million thanks to strong net trading results. The tax favourable compensation from the trading results in the second quarter resulted in a reduction in the effective tax rate to 16% compared to 35% for the first quarter.

- The value adjustment of the credit portfolio was higher at EUR 363 million than the relatively low level of EUR 259 million for the same period last year. The value adjustment for the second half of 2003 is expected to remain at a similar level to that for the first half.
- Operating expenses were well under control and declined 2%. Staff costs decreased by 2% and other costs decreased by 2%. The number of FTEs declined by around 1,000 or 2.5% to 38,700 in the first six months, already reaching our target for the year. FTEs will decrease by at least another 500 in the second half of the year.
- The cost/income ratio, at 60%, was at the same as for the first half of 2002, notwithstanding the reduction in revenues.
- The tier-1 ratio and capital adequacy ratio remained high at respectively 8.3% and 13.0%. Risk-weighted commitments were tightly managed and increased by only 0.3% to EUR 152 billion in the first six months of the year.

Banking business In EUR million	First half 2003	First half 2002	Change as %
Total revenues, net of interest expense	4,221	4,329	(3)
Operating expenses	2,604	2,670	(2)
Net operating profit before realized capital gains	515	709	(27)
Realized capital gains [1]	342	228	50
Net operating profit after realized capital gains [1]	857	937	(8)
Value adjustment of the equity portfolio			
Realized	27	(1)	
Unrealized	(33)	-	
Net operating profit	851	936	(9)

[1] After tax, excluding equity portfolio.

Insurance

- Net operating profit before value adjustments to the equity portfolio increased by 19% to EUR 672 million compared to the first half of 2002.
- Gross premium income from Life advanced 20% to EUR 5,164 million (organically 17%), mainly as a result of higher sales of traditional insurances in Belgium.
- Non-life performed well at all business lines. After adjustment for exchange differences, gross premium income from Non-life improved 5%. Including the impact of the weaker US dollar, gross premium income fell 8% to EUR 5,835 million.
- Technical results at Non-life improved by 21% to EUR 347 million compared to the first half of last year. All lines achieved good technical results due to lower claims and higher tariffs. The net combined ratio (excluding Fortis, Inc.) was 97.8% compared with 102.7% for the first six months of 2002.
- In the Benelux countries, the number of FTEs decreased 200 to 10,700 at the end of June 2003. Fortis Insurance International saw its FTEs rise 100 to 3,200 because of increased activities in the UK and Spain. The number of FTEs at Fortis, Inc. rose 300, compared with year-end 2002, to 12,100 at the end of June 2003 as a result of an operational expansion.
- On 20 June 2003, Fortis ASR announced it would reduce its workforce by a further 14% or 750 jobs over the next three years, as part of its utilization of the synergy potential of its eight insurance companies.
- The overall costs of the Insurance business decreased 4%, mainly as a result of exchange rate differences (organically +1%).
- The Insurance business's equity portfolio amounted to EUR 6.3 billion (12% of total investments) as at 30 June 2003, compared to EUR 8.0 billion (16% of total investments) at the end of 2002.

Insurance business In EUR million	First half 2003	First half 2002	Change as %
Gross premium income	10,999	10,636	3
Costs	1,327	1,384	(4)
Net operating profit before realized capital gains	516	573	(10)
Realized capital gains [1]	156	(8)	
Net operating profit after realized capital gains [1]	672	565	19
Value adjustment of the equity portfolio			

Realized	(674)	90
Unrealized	(32)	-
Net operating profit	(34)	655

[1] After tax, excluding equity portfolio.

Solvency

Net core capital is based on a conservative calculation. It excludes any unrealized capital gains on the bond portfolio, goodwill, and any elements of embedded value.

Solvency (in EUR billion)	**30 June 2003**
Net core capital	16.9
Legally required minimum	9.7
Surplus above legally required minimum	7.2
Surplus above legally required minimum (as %)	74
Fortis's floor	15.5
Surplus above Fortis's floor	1.4
Surplus above Fortis's floor (as %)	9

Fortis's solvency remains strong. As at 30 June, net core capital after the dividend payment of EUR 1.1 billion was EUR 16.9 billion, EUR 7.2 billion (74%) above the legally required minimum and EUR 1.4 billion (9%) above Fortis's own floor. In view of the developments in the stock markets, Fortis reduced its equity exposure in the first half of 2003. This reduced our sensitivity to a 10% movement in the equity market from EUR 600 million at the beginning of 2003 to around EUR 300 million as at 30 June 2003. At 30 June, equity investments accounted for only 5.5% of our total investment portfolio. As at 22 August 2003, Fortis's solvency, excluding third quarter results, was EUR 17.1 billion. This was EUR 7.4 billion (76%) above the legally required minimum and EUR 1.6 billion (10%) above Fortis's own floor.

Key figures per share (in EUR)	**First half 2003**	**First half 2002**
Net operating profit after realized capital gains [1]	1.10	1.07
After full conversion [2]	1.07	1.06
Net operating profit	0.53	1.14
After full conversion [2]	0.52	1.12
Net profit	0.52	1.17
After full conversion [2]	0.52	1.15
Shareholders' equity	7.91	8.39 [3]

[1] After tax, excluding equity portfolio.
[2] After exercise of all warrants and options and after full conversion of convertible bonds.

[3] Year-end 2002.

Developments per business

I. Network Banking

- **Revenues still under pressure**
- **Higher value adjustments**
- **Continued cost cuts, FTE reduction continues**
- **Premium income up substantially at FB Insurance**

Network Banking's net operating profit, before realized and unrealized value adjustments to the equity portfolio, amounted to EUR 582 million, which was 9% lower than the comparable figures for 2002. The decrease was due to a slight reduction in the interest margin and declining commissions, partly because of the renegotiation of the agreement with Bank van De Post, and an increase in provisions for the credit portfolio compared to the very low levels of 2002. These figures incorporate the changes in consolidation perimeters, i.e. the sale of TOP Lease and the transfer of corporate customers to Merchant Bank on 1 January 2003. Compared with June 2002, FTEs decreased by 1,481 to 19,253, which kept costs under control, with operating expenses down 2%.

Retail Banking. Despite the closure due to mergers of 323 branches since June 2002, market shares have generally been maintained in Belgium, except for a slight decrease in mortgage loans. One reason for this was the success and use by customers of non-bricks and mortar channels. Results in the Netherlands were flat despite higher provisions for loans. The number of branches has fallen slightly from 208 to 183, FTEs have declined from 2,850 to 2,625. The new advertising campaign for mortgage loans is worthwhile to mention.

FB Insurance saw Life premium income advance by EUR 558 million to EUR 1,346 million. Guaranteed interest products generated this growth, as premiums from unit-linked products decreased. Non-Life premiums rose 3% to EUR 86 million.

Commercial Banking booked good results across the board, but suffered owing to the poor investment climate, as evidenced by the declining demand for loans among other factors. The persistently weak economy also pushed up provisions for the credit portfolio compared to the very low level of last year. This increase in provisions has been completely offset by lower costs.

Activities outside the Benelux countries, especially in the rest of Europe and in the leasing and factoring domain, performed very well, despite currency effects (Hong Kong dollar, pound sterling and Polish zloty).

II. Merchant Banking

- **Excellent performance by Global Markets, mainly in Fixed Income and in Credit Derivatives**
- **Stable contribution from Corporate activities**

Net operating profit, before realized and unrealized value adjustments to the equity portfolio, amounted to EUR 215 million (-9% compared to last year). The number of FTEs almost remained stable at 2.689.

Global Markets posted excellent results in the second quarter. On the one hand, trading activities outperformed, especially in Fixed Income, Credit Derivatives and, to a lesser extent in Forex, while on the other hand New Issues and Equities remained subdued.

Corporate and Investment Banking results were stable, slightly lower than in the second quarter of 2002. The prevailing economic conditions have been weighing on performance. Credit demand slightly dropped, leading to a decrease in outstanding credits. On top of that, the lower US dollar negatively impacted the result. The advisory activity remained under pressure.
Global Private Equity deal flow showed encouraging signs. Fund Services activities remained stable during the second quarter.

Since 1 January 2003 Corporate Banking activities have been incorporated in Merchant Banking (previously in Network Banking), with the result that Fortis's corporate customers now have access to a much wider range of products and services through one privileged channel. Also since 1 January 2003, Information Banking has been part of the Private Banking & Trust, Asset Management and Information Banking business

III. Private Banking & Trust, Asset Management and Information Banking

Private Banking & Trust

- **Net operating profit up 32% compared to first quarter 2003**
- **Assets under management increased 3.5% to EUR 49.3 billion**
- **Quarterly costs reduced by 5%**

Net operating profit for the second quarter stands at EUR 33 million compared to EUR 25 million for the first quarter, giving net operating profit of EUR 58 million for the first half of 2003 (excluding realized and unrealized value adjustments to the equity portfolio).

These increased quarterly results were driven by two factors:

- The realization of anticipated cost savings and cost controls, restructured activities and economies of scale. The reduction in costs mentioned above reflects this. The number of FTEs decreased further in the second quarter from 2,322 (end of first quarter) to 2,288 (2,485 at year-end 2002).

- The increase in revenues was fuelled by higher interest income, a weaker euro than in the first quarter, a lower tax rate and the divestment of the low-profit business in the Bahamas.

Assets under management increased to EUR 49.3 billion (from EUR 47.6 billion at the end of the first quarter), partly due to better market conditions.

Trust operations were launched in Singapore during the second quarter of 2003.

Asset Management

- ASSETS UNDER MANAGEMENT INCREASED 3.5% TO EUR 76.2 BILLION
- **Rebranded globally as 'Fortis Investments'**
- **Best Selection Fund launched in China by Fortis Haitong Investment Management joint venture**

Fortis Investments had assets under management of EUR 76.2 billion at the end of June, an increase of 3.5% since the end of the first quarter and 4.7% ahead of year-end 2002. Net new cash was a negative EUR 950 million, with inflows on the retail side offset by the net outflows of institutional clients.

Revenues for the period were EUR 105 million, 8% lower than in 2002, while net operating profit of EUR 24 million was around 15% lower than in 2002. Cost control remained tight with six-month positions some 3.8% lower on a comparable basis.
The trade name 'Fortis Investments' was adopted globally on 1 July. The most important impact of this was the rebranding of Harbor Capital Management in the US. This harmonization will allow more efficient and comprehensive marketing and development of our business worldwide.

Fortis Investments launched its first open-ended fund in China, the Fortis Haitong Best Selection Fund, through its Shanghai-based joint venture, Fortis Haitong Investment Management. The fund, which has a balanced mandate, is open only to domestic Chinese investors and can invest only in Chinese equities and bonds. Owing to an agreement with ChinaPay, the joint venture is able to offer investors the unique opportunity to buy and sell over the Internet. A second fund is scheduled to be launched in the autumn.

Fortis Investments has continued to step up its international marketing of the Fortis L Fund, its flagship product that is now authorized for sale in a total of nine countries, i.e. Austria, Belgium, France, Germany, Italy, Luxembourg, the Netherlands, Spain and Switzerland.

Information Banking

- **Information Banking results show an upward trend, despite the falling equity markets in the first half of 2003, low interest rates and the weak US dollar**
- **Seasonal influences on securities lending and arbitrage activities**

Information Banking achieved net operating profit of EUR 64 million in the second quarter of 2003, 39% more than in the same period last year. The rise was mainly due to the good performance of securities lending and arbitrage activities. This more than cancelled out the adverse effects of falling equity markets, low interest rates and the weak US dollar.

Euronext N.V., after an extensive selection procedure, picked Information Banking's global custody unit as its Global Paying Agent. Fortis Bank is the first bank to act as global paying agent for three markets, i.e. Amsterdam, Brussels and Paris.

Information Banking expanded its specialist services to (hedge) funds and fund managers in the second quarter of 2003, under the name Prime Fund Solutions.

Growing interest was observed in our total Euronext proposition as regards derivatives and equity clearing activities. The clearing operation in Chicago contributed to profit once the start-up stage was over.

IV. Fortis ASR

- **Higher premium income at Individual Life (5%) and Non-life (8%)**
- **Accident & Health gross premium income up 8% to EUR 647 million**
- **Life operating profit depressed by lower dividends received, lower fees for unit-linked products and lower interest rates**
- **Results of disability insurance on upward trend**

In May, Fortis ASR presented its strategy for the years ahead, along with its new management structure. Top management has made great efforts with implementing the more focused strategy.
Key objectives are the integration of back-offices and the further centralization of support services. Consequently, 750 jobs will disappear within three years. There will also be greater emphasis on profitability at both Life and Non-life and more focus on risk management.

Net operating profit for the first half of 2003, excluding realized and unrealized value adjustments to the equity portfolio, amounted to EUR 214 million, 37% more than in the first half of 2002. FTEs numbered 5,146, compared with 5,187 at year-end 2002. Operating costs for the first half of 2003 were comparable to those of the previous year.

Gross premium income from Life amounted to EUR 1,646 million, 2% less than in 2002. This was partly due to the cancellation of one rather large life insurance contract at Collective Life. Premium income from Individual Life rose by 5% despite the scrapping of the basic tax allowance in 2003 and the prevailing uncertainty about the new tax rules. More pension policies were sold, partly because intermediaries responded appropriately to their clients' increasing need to close the so-called pension gap.

Gross premium income from Non-life rose by 8% to EUR 1,214 million, with healthy growth across the board. Gross premium income from Motor insurance increased by 10% to EUR 260 million.
Gross Accident & Health premiums climbed 8% to EUR 647 million.

Life results are under pressure as a result of lower dividends received, lower fees for unit-linked products and lower interest rates. Accident and Health performed satisfactorily thanks to an effective reintegration policy.

V. Fortis AG and Fortis Insurance International

Fortis AG

- **Net operating profit before realized and unrealized value adjustments up 43%**
- **Gross premiums up 18%: Life +24%, Non-life +6%**

Fortis AG 's net operating profit for the first half of 2003, excluding (un)realized value adjustments to the equity portfolio, was up 43% to EUR 148 million. Realized and unrealized value adjustments to the equity portfolio changed net operating profit into a loss of EUR 126 million.

Gross premiums rose by 18% to EUR 1,434 million compared with EUR 1,218 million last year. Individual Life contributed the most to this increase with a rise of 38% to EUR 669 million. In the current financial environment of low interest rates and weak stock markets, Fortis AG has continued, together with the brokers, to penetrate the investment market by offering savings and investment products with interest guaranteed for up to eight years. One of the success factors of this type of product is the potential profit sharing once financial markets pick up.

The total premium income of Group Life rose by 1% to EUR 294 million. The recent launch of new products and services reversed the slight decline seen in the first quarter, and should lead to higher growth in the second half of the year.

The ongoing success of the Familis multi-cover package increased sales (number of policies) in the non-life personal lines market by 26%. In the small commercial non-life market, new sales went up by 5%. This, combined with rate increases in amongst others motor and third party liability insurance, pushed up gross premium income from Non-life by 6% to EUR 471 million. Sustained efforts in selective underwriting and the continuous pruning of the portfolio sharply increased technical results, which, combined with the permanent focus on cost containment, brought the combined ratio down to 98.4% from 107.1%.

At 4,514, the number of FTEs (including Bernheim Comofi) was 104 less than at year-end 2002.

Fortis Insurance International

- **Excellent Non-life results in UK and Spain**
- **French reorganization is influencing Life results**

- **Asian strategy on track**

Fortis Insurance International achieved net operating profit of EUR 59 million, excluding realized and unrealized value adjustments to the equity portfolio. This marked a 13% increase relative to the first half of 2002. FTEs numbered 3,485 at the end of the first half of 2003, an increase of 119 since the end of 2002.

Fortis Insurance Ltd in the UK repeated its good results in the first half of 2003. Results in Spain are also good, as Non-life is performing very well. The reorganization costs of Fortis Assurances in France had an adverse effect on Life results.

Premium income from Life insurance was somewhat weaker than anticipated, mainly because sales in Luxembourg are still below target despite the successful integration of the former companies.

Fortis Insurance Asia’s strategy is on track. Fortis is vigorously pursuing expansion of life insurance operations in some Asian countries. The growth of insurance activities in the People’s Republic of China has continued to exceed expectations. Developments at Mayban Fortis in Malaysia are in line with planning.

Fortis Corporate Insurance (FCI) reported gross premium growth of just over 16% compared with the first half of 2002 to EUR 294 million. Net operating profit, excluding realized and unrealized value adjustments to the equity portfolio, amounted to almost EUR 8 million, a decrease of 4% on the first half of 2002, the best half year ever. Fire, Accident & Health and Motor performed particularly well.

VI. Fortis, Inc.

- **Increase in net operating profit**
- **Strong business-line results**

Fortis, Inc. saw its net operating profit, excluding realized and unrealized value adjustments to the equity portfolio, increase by 17% in the first half of 2003. However, due to the weak dollar, net operating profit, excluding realized and unrealized value adjustments to the equity portfolio, in euros decreased by 5% to EUR 157 million. The number of FTEs at Fortis, Inc, increased 2% relative to year-end 2002 to 12,080. This was due to the planned increase at the Assurant and Benefits business lines.

Fortis Benefits reported net operating profit before capital gains of USD 27 million, a USD 6 million increase on the year. The good results were on the back of reduced incidence of disability claims and improved expense management. They were partly offset by higher group life mortality, slightly unfavourable dental loss ratios, and lower-than-expected investment income.

Fortis Health reported net operating profit before capital gains of USD 62 million, an increase of USD 13 million on last year. The improvement in profitability is mainly attributable to the favourable 2002 trend in small group and individual medical claims, as well as lower general expenses, commissions paid, and benefit expenses.

Net operating profit before capital gains of the Preneed business was USD 19 million, USD 7 million less than last year. This decrease is primarily due to lower revenues and investment income. The company has reduced certain crediting rates on new policies sold in 2003 to offset the decline in investment yield due to the lower interest rate environment.

Assurant had a solid first half year, reporting net operating profit before capital gains of USD 69 million, which was USD 4 million up on the year. The increase was mainly due to higher fee and investment income and strong results from property coverage, including lender-placed Hazard, Manufactured Housing, and Flood insurance.

The third quarter results will be available on 25 November 2003

FINANCIAL INFORMATION OF THE ISSUER: FORTIS FINANCE N.V.

BALANCE SHEET AS AT 31 DECEMBER
(after proposed profit appropriation, in EUR thousand)

		2002		2001		2000
ASSETS						
Financial fixed assets						
Long-term receivables from group companies		9,567,579		5,876,615		3,236,021
Current assets						
Receivables from group companies	5,716,769		3,450,862		5,094,450	
Liquid assets	3,939		3,517		60,850	
Accruals	462,176		286,724		143,614	
		6,182,884		3,741,103		5,298,914
		15,750,463		9,617,718		8,534,935
LIABILITIES						
Shareholders' equity						
Paid-up and called-up capital	125		125		113	
Other reserves	13,731		11,893		8,900	
		13,856		12,018		9,013
Provisions						
Provision for deferred tax liabilities.		–		37		1,567
Long-term liabilities						
Bonds	6,701,014		4,259,976		2,105,884	
Convertible notes	1,255,914		0		0	
Amounts owed to group companies.	150,510		150,509		115,855	
Other amounts owed.	961,848		961,848		258,428	
		9,069,286		5,372,333		2,480,167
Current liabilities						
Amounts owed to group companies.	3,411,906		457,783		1,384,131	
Other amounts owed.	2,765,370		3,493,749		4,540,264	
Accruals	490,045		281,798		119,793	
		6,667,321		4,233,330		6,044,188
		15,750,463		9,617,718		8,534,935

PROFIT AND LOSS ACCOUNT
(in thousands of Euro)

		2002		2001		2000
INTEREST INCOME						
Financial fixed assets						
– Group companies	412,170		245,195		164,382	
Current assets:						
– Group companies	141,208		191,041		120,761	
– Other receivables	645,389		90,636		52,524	
– Exchange differences	–		638		5	
		1,198,767		527,510		337,672
INTEREST EXPENSE						
Long term liabilities						
– Euro-dollar bond loans	10,896		11,475		14,910	
– Euro bond loans	234,730		135,217		84,705	
– DKK bond loan	2,692		2,688		2,687	
– NOK bond loan	43,402		16,396		1,861	
– GBP bond loan	9,082		2,361		–	
– Convertible notes	29,610		–		–	
– Group companies.	32,566		7,966		4,474	
– Costs issue of bonds (loans 4 1 year)	810		815		–	
– Credit facility & rating	751		2,195		–	
– Other amounts owed	62,152		37,459		19,778	
Current liabilities						
– Group companies	37,097		41,483		15,735	
– Other amounts owed	730,634		264,472		187,242	
– Exchange differences	193		–		–	
		1,194,615		522,527		331,392
Net interest income.		4,152		4,983	6,280	
Other operating expenses		192		382	967	
Result before taxation.		3,960		4,601		5,313
Taxation		2,122		1,597		1,860
Result after taxation		1,838		3,004		3,453

NOTES TO THE BALANCE SHEET AT 31 DECEMBER 2002 AND THE PROFIT AND LOSS ACCOUNT FOR 2002 OF FORTIS FINANCE N.V.
(in EUR thousand, unless otherwise stated)

GENERAL

These financial statements have been drawn up in accordance with the provisions of Title 9, Book 2 of the Netherlands Civil Code.

Fortis Finance N.V. concentrates on the provision of financial services to Fortis companies, including Fortis N.V., Fortis SA/NV and their group companies.

PRINCIPLES OF VALUATION AND PROFIT DETERMINATION

Foreign currencies
The annual report 2002 is in euro, unless otherwise stated. Amounts denominated in foreign currencies at year-end are translated at the official year-end rates of exchange. Exchange differences arising on translation are accounted for as such in the profit and loss account. Amounts receivable and payable in foreign currencies, in respect of which forward foreign exchange transactions have been entered into, are translated at the exchange rate for the forward transaction, the forward premium or discount being accounted for on a time-weighted basis as interest received or paid. The portion of the forward premium or discount not yet accounted for in the profit and loss account is reflected in the balance-sheet value of the accruals. Long-term receivables in foreign currencies for which interest- and currency-swaps have been concluded are valued at the exchange rate of the swap transaction concerned.

Provision for deferred tax liabilities
The provision for deferred tax liabilities is formed in connection with the temporary differences between the profit as shown by the profit and loss account and the taxable profit. The provision is calculated on the basis of a tax rate of 34.5%.

Issue expenses of Eurobonds and Multi-currency Facility
The capitalised expenses for these issues are amortised over the term of the bonds on a time-weighted basis. The amortisation is included under interest expense. The issue expenses of bonds and credit facilities which have not been capitalised are also included in interest expense.

Forward premium and discount loans and borrowings
Forward premiums and discounts of loans and borrowings are amortised during the term of the loan on a time-weighted basis. The amortised amounts are accounted for as interest income or interest expense. The portion of the forward premium and discount not yet accounted for in the profit and loss account appears in the balance sheet under accruals (asset or liability).

Assets and liabilities not shown on the balance sheet
The results of interest swap contracts (not included in the balance sheet) are accounted for on a time-weighted basis during the term of the contracts. They are included in interest income or interest expenses.

Items not mentioned separately
Balance-sheet items not mentioned separately in the notes to the accounts are shown at nominal value, if applicable after deduction of provisions.

Revenues and charges
Revenues and charges are accounted for in the period to which they relate. Penalty payments received are recorded as a liability and accounted for in the profit and loss account during the remaining original time of loans paid off before maturity.

Taxation
The company is subject to income-tax. Taxation on profit is calculated at the current nominal rate, applied to the results as shown in the profit and loss account, making allowance for tax facilities.

NOTES TO THE BALANCE SHEET

ASSETS

FINANCIAL FIXED ASSETS

Long-term receivables from group companies
Movements in this item are:

	2002	2001
Position at 01 January	5,876,615	3,236,021
Plus: advances to group companies	4,799,810	3,105,101
Less: repayments from group companies	1,103,763	465,392
Less: revaluation due to exchange differences	5,083	885
Position at 31 December	**9,567,579**	**5,876,615**

CURRENT ASSETS

Receivables from group companies

	2002	2001
Short-term loans to group companies	3,026,450	1.336,791
Current account group companies	2,690,319	2,114,071
Position at 31 December	**5,716,769**	**3,450,862**

LIABILITIES

SHAREHOLDERS' EQUITY

Authorized, issued, paid-up and called-up capital
The authorized, issued, paid-up and called-up capital has changed in 2001 as a result from an amendment of the articles of association.
As per 11 July 2001 the authorized capital amounts pursuant to the articles of association to 1,000 shares of EUR 500 per share; 250 shares have been issued and fully paid-up.

Position at 31 December 2001	125
Movements	0
Position at 31 December 2002	**125**

Other reserves
Movements in this item were as follows:

	2002	2001
Position at 01 January	11,893	8,900
Plus: profit	1,838	3,004
Less: redomination of sharecapital from NLG 1,000 (EUR 453,78) to EUR 500	--	12
Plus: other	--	1
Position at 31 December	**13,731**	**11,893**

LONG-TERM LIABILITIES

2002	remaining term 5 years or more	remaining term less than 5 years	total	average interest rate (%)
Euro-dollar bonds	--	581,641	581,641	1.87
Eurobonds	3,421,448	2,953,014	6,374,462	4.38
DKK bond	--	53,842	53,842	5.00
NOK bonds	--	685,366	685,366	7.25
GBP bond	--	261,617	261,617	3.98
Amounts owed to group companies	54,369	96,141	150,510	5.35
Other amounts owed (subordinated)	875,634	86,215	961,849	6.46
	4,351,451	**4,717,836**	**9,069,286**	**4.67**

2001	remaining term 5 years or more	remaining term less than 5 years	total	average interest rate (%)
Euro-dollar bonds	--	399,538	399,538	2.30
Eurobonds	2,354,000	948,240	3,302,240	4.85
DKK bond	--	53,843	53,843	5.00
NOK bonds	--	307,530	307,530	7.43
GBP Bond	--	196,825	196,825	4.10
Amounts owed to group companies	58,905	91,604	150,509	5.35
Other amounts owed (subordinated)	961,848	--	961,848	6.46
	3,374,753	**1,997,580**	**5,372,333**	**5.08**

CURRENT LIABILITIES

Amounts owed to group companies

	2002	2001
Short-term loans from group companies	1,226,100	27,500
Current account group companies	2,185,806	430,283
Position at 31 December	**3,411,906**	**457,783**

Other amounts owed

	2002	2001
Commercial Paper	2,450,835	3,123,642
Short-term loans	314,535	370,107
Position at 31 December	**2,765,370**	**3,493,749**

RIGHTS AND OBLIGATIONS NOT SHOWN IN THE BALANCE SHEET

1. A number of agreements have been entered into solely for the purpose of hedging risks arising out of the company's financing activities, i.e.:

- forward foreign exchange transactions, for notional amount at year end EUR 1,601,737.
- interest rate swap contracts, for notional amount at year end EUR 9,223,734.

2. The company has entered into agreements at the expense and risk of other group companies for the purpose of hedging the exchange risks resulting from the adjustment of balances on the foreign currency accounts and from the investments and capital expenditure programmes of these group companies.

3. Fortis Finance N.V. has a Multicurrency Revolving Credit Facility Agreement of EUR 2 billion, until June 2004 and a Multicurrency Revolving Credit Facility Agreement of EUR 0.5 billion, until December 2003.

NOTES TO THE PROFIT AND LOSS ACCOUNT

Currency distribution of interest income is as follows:

	2002	**2001**
EUR	1,101,513	479,649
USD	23,845	26,400
DKK	4,718	2,700
NOK	62,397	16,400
GBP	8,498	2,361
	1,200,971	**527,510**

All activities are performed by personnel employed by group companies of Fortis. Other operating expenses in 2002 amounted to EUR 643 (in 2001 EUR 1,235). Other operating expenses consist of maintenance of the treasury system, staff and consultancy costs, and auditor and legal expenses, some of which are related to the setting up of long-term financing programmes and stand-by credit facilities.

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