

Fortis Statistical Review 1997 – 2006

Contents

Fortis Statistical Review 1997 – 2006	1
Introduction	5
Part I Annual figures	7
1 Fortis Share	9
1.1 Figures per share and stock exchange data Fortis share	9
2 Fortis figures	10
2.1 Consolidated	10
2.1.1 Consolidated balance sheet (after profit appropriation up to 1997, thereafter before profit appropriation)	10
2.1.2 Exchange rates at year end	12
2.1.3 Assets under management	12
2.1.4 Consolidated income statement	14
2.1.5 Average exchange rates	14
2.1.6 Shareholders' equity roll forward	16
2.1.7 Shareholders' equity by activity at year end	16
2.1.8 Market capitalization	16
2.1.9 Solvency at year end	18
2.1.10 Return on average shareholders' equity	18
2.1.11 Net profit attributable to shareholders	18
2.1.12 Investments	18
2.1.13 Due from customers	20
2.1.14 Composition of total income	22
2.1.15 Employees	24
2.2 Banking	26
2.2.1 Profit before taxation	26
2.2.2 Specification of net fee and commission income	26
2.2.3 Specification of realised and unrealised gains and losses	28
2.2.4 Cost/income ratio	28
2.3 Insurance	30
2.3.1 Gross premiums Life insurance	30
2.3.2 Gross premiums Non-life insurance	32
2.3.3 Technical result	34
2.3.4 Profit before taxation	36
2.3.5 Ratios Non-life insurance	38

Part II Quarterly figures	43
3 Quarterly figures	44
3.1 Income statement Fortis	44
3.2 Income statement Banking	48
3.3 Income statement Insurance	52
Part III IFRS/FAP reconciliation.....	55
4 Impact of IFRS on the balance sheet, shareholders' equity and the income statement of Fortis	56
4.1 Reconciliation of shareholders' equity	56
4.2 Comparison of balance sheets under FAP and IFRS	58
4.3 Reconciliation of the net result and the income statement.....	61
4.4 Comparison of the income statement under FAP and IFRS	63

Introduction

All amounts stated in the tables of this Statistical review are denominated in euro million, unless otherwise indicated.

This statistical review gives an overview of balance sheet and income statement annual information for the period 1997-2006 and of the income statement per quarter for the period 2004-2006.

The information provided is principally derived from the financial statements as published for those years. The Fortis financial statements up to and including 2004 were drawn up in accordance with the applicable legal and regulatory requirements in Belgium (to be referred to as FAP, Fortis Accounting Principles). As from 2005 on, with comparative figures for 2004, Fortis consolidated financial information is prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Fortis did not restate the years before 2004 to IFRS. The year 2004 has been restated from FAP to IFRS for comparison purposes. The details of the restatement and the financial impact on the balance sheet, equity and the income statement are explained in Part III.

This statistical review provides both FAP and IFRS figures in accordance with the presentation as required by the applicable FAP and IFRSs standards.

If there are differences in the presentation between FAP and IFRS, like the description of certain lines in the balance sheet and income statement or the fact that certain information as required under IFRS was not presented under FAP (e.g. segment information on Banking activities), the presentation of the individual tables is as follows (example):

<i>FAP description of lines</i>	<i>FAP 1997</i>	<i>FAP 1997 pro forma</i>	<i>FAP 1998</i>	<i>FAP 1999</i>	<i>FAP 2000</i>	<i>FAP 2001</i>	<i>FAP 2002</i>	<i>FAP 2003</i>	<i>FAP 2004</i>	<i>IFRS 2004</i>	<i>IFRS 2005</i>	<i>IFRS 2006</i>	<i>IFRS description of lines</i>

Fortis acquired Generale Bank in June 1998. Generale Bank is included in the figures for 1998 as if it had formed part of Fortis since 1 January 1998. In addition, Fortis has opted to include Generale Bank in the 1997 figures on a pro forma basis for comparison purposes.

Part I Annual figures

1 Fortis Share

1.1 Figures per share and stock exchange data Fortis share

	FAP				IFRS		
	2001	2002	2003	2004	2004	2005	2006
Per share data (in EUR)							
Earnings per share (EPS) ¹⁾	2.01	0.41	1.70	2.59	1.84	3.07	3.38
Dividend per share (DPS)	0.88	0.88	0.92	1.04	1.04	1.16	1.40
Shareholders' equity per share ³⁾	10.70	8.39	9.16	11.04	11.97	14.75	15.98
Stock exchange data							
Highest quotation	36.19	29.10	17.80	20.63	20.63	27.15	
Lowest quotation	20.26	12.51	9.26	16.40	16.40	20.36	
Year end quotation	29.13	16.73	15.96	20.36	20.36	26.92	
Price / earnings ratio	14.5	40.8	9.4	7.9	11.1	8.8	9.6
Price / equity ratio	2.7	2.0	1.7	1.8	1.7	1.8	2.0
Number of shares outstanding x 1,000							
- At year end, statutory	1,293,566	1,335,063	1,337,883	1,340,787	1,340,787	1,340,822	1,342,815
- Treasury shares ²⁾		(39,683)	(39,683)	(39,683)	(59,947)	(57,212)	(50,698)
- At year end	1,293,566	1,295,380	1,298,200	1,301,104	1,280,840	1,283,610	1,292,117
- Average during the year	1,293,282	1,294,417	1,295,387	1,298,288	1,276,832	1,282,950	1,289,188

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Euronext Brussel:

Bloomberg code: FORB BB

Reuters code: FOR.BR

Euronext Amsterdam:

Bloomberg code: FORA NA

Reuters code: FOR.AS

¹⁾ On the basis of the average number of outstanding shares.

²⁾ Including 39,682,540 Fortis shares in connection with the FRESH securities.

³⁾ On the basis of year end figures.

2 Fortis figures

2.1 Consolidated

2.1.1 Consolidated balance sheet (after profit appropriation for 1997, thereafter before profit appropriation)

	<i>FAP</i>	<i>pro forma</i>				
	1997	1997	1998	1999	2000	2001
Cash	889	1,228	3,675	3,660	6,110	5,094
Trading securities	1,311	5,733	7,112	9,899	13,363	19,447
Loans and advances to credit institutions	15,376	55,502	58,098	81,970	62,383	63,762
Loans and advances to customers	59,697	112,259	122,213	139,422	162,093	176,834
Investments	56,412	97,459	115,096	127,382	134,203	147,676
Investments on behalf of policyholders	8,171	8,185	11,201	16,210	22,013	23,567
Other assets	11,417	20,158	22,867	27,566	37,918	46,590
	153,273	300,524	340,262	406,109	438,083	482,970
Liabilities						
Amounts owed to credit institutions	20,171	63,600	81,114	116,992	94,174	96,337
Amounts owed to customers	53,169	121,785	125,164	134,963	145,752	179,687
Technical provisions	31,500	32,657	37,055	44,613	56,130	59,533
Liability related to investments on behalf of policyholders	7,885	7,900	10,913	15,824	21,690	23,085
Debt certificates	22,037	36,867	36,456	35,943	43,761	50,896
Subordinated liabilities	1,851	5,732	6,975	8,162	9,488	11,466
Other liabilities	8,993	21,426	30,296	33,621	49,732	45,989
Total liabilities	145,606	289,967	327,973	390,118	420,727	466,993
Equity						
- Share Capital		349	365	398	428	6,085
- Share premium reserve		10,570	11,557	13,100	16,599	11,043
- Other reserves		4,545	5,255	6,796	8,442	10,176
- Net profit for the financial year		912	1,862	2,316	2,768	2,598
- Revaluation reserve		2,819	3,331	3,933	2,794	549
- Goodwill		(10,208)	(11,107)	(13,035)	(15,834)	(16,607)
Net equity	7,017	8,987	11,263	13,508	15,197	13,844
Minority interest in group equity	650	1,570	1,026	2,483	2,159	2,133
Group equity	7,667	10,557	12,289	15,991	17,356	15,977
Total liabilities	153,273	300,524	340,262	406,109	438,083	482,970

			IFRS				
	2002	2003	2004	2004	2005	2006	
							Assets
	4,485	8,286	5,216	25,020	21,822	20,413	Cash and cash equivalents
	14,518	23,458	37,871	60,320	62,705	70,215	Assets held for trading
	83,859	79,446	72,654	64,197	81,002	90,131	Due from banks
	172,144	182,039	209,372	227,834	280,759	286,459	Due from customers
				4,721	4,670	4,505	Investments:
				153,543	179,020	186,428	- Held to maturity
				3,391	5,127	6,600	- Available for sale
				2,304	2,546	3,047	- Held at fair value through profit or loss
				2,209	1,706	1,854	- Investment property
	140,099	157,995	163,667	166,168	193,069	202,434	- Associates and joint ventures
	18,391	19,946	18,703	16,853	25,667	28,749	Total investments
	52,269	52,080	63,165	53,693	63,970	76,828	Investments related to unit-linked contracts
	485,765	523,250	570,648	614,085	728,994	775,229	Other assets
							Total assets
				51,483	50,562	64,308	Liabilities
	96,548	109,368	119,030	121,037	175,183	177,481	Liabilities held for trading
	177,635	187,423	213,779	224,583	259,064	259,258	Due to banks
							Due to customers
	61,736	64,410	57,846	48,940	56,109	59,764	Liabilities arising from insurance and investment contracts
	18,563	20,380	18,823	17,033	26,151	29,156	Liabilities related to unit-linked contracts
	49,964	52,279	51,943	71,777	77,266	90,686	Debt certificates
	12,229	11,173	12,271	13,345	13,757	15,375	Subordinated liabilities
	55,988	64,202	81,134	50,210	51,246	57,650	Other liabilities
	472,663	509,235	554,826	598,408	709,338	753,678	Total liabilities
							Equity
	6,280	6,293	6,307	6,307	6,307	6,316	- Share Capital
	11,916	11,937	11,973	11,708	11,718	11,783	- Share premium reserve
	9,168	8,576	9,701	(8,722)	(8,184)	(5,835)	- Other reserves
	532	2,197	3,358	2,353	3,941	4,351	- Net profit attributable to shareholders
				3,691	5,147	4,029	- Unrealised gains and losses
	(17,025)	(17,109)	(16,974)				
	10,871	11,894	14,365	15,337	18,929	20,644	Shareholders' equity
	2,231	2,121	1,457	340	727	907	Minority interests
	13,102	14,015	15,822	15,677	19,656	21,551	Total equity
	485,765	523,250	570,648	614,085	728,994	775,229	Total liabilities and equity

2.1.2 Exchange rates at year end

	1997	1998	1999	2000	2001
1 euro =					
USD	1.10	1.17	1.00	0.93	0.88
GBP	0.67	0.71	0.62	0.62	0.61

2.1.3 Assets under management

	FAP 1997	pro forma 1997	1998	1999	2000	2001
Investments for own account						
- Banking	29,158	68,777	79,994	85,426	84,099	96,867
- Insurance	27,255	28,239	34,884	41,618	49,650	50,487
Total investments for own account ¹⁾	56,412	97,459	115,096	127,382	134,203	147,676
Investments on behalf of policyholders	8,171	8,185	11,201	16,210	22,013	23,567
Funds under management	50,711	102,037	115,758	134,615	157,630	144,863
Total assets under management	115,294	207,681	242,055	278,207	313,846	316,106

¹⁾ Total investments for own account include the intercompany amounts and balance sheet items that can be attributed neither to insurance nor to banking.

2002	2003		2004	2005	2006	
1.05	1.26		1.36	1.18	1.32	1 euro =
0.65	0.70		0.71	0.69	0.67	USD
				1.60	1.87	GBP
			139.70	139.07	156.84	TRY
						JPY

2002	2003	2004	IFRS 2004	2005	2006	
89,979	103,800	108,566	118,541	135,314	137,777	Investments for own account
49,999	54,093	55,089	48,151	57,791	64,349	Banking
			(524)	(36)	308	Insurance
140,099	157,995	163,667	166,168	193,069	202,434	General (incl. eliminations)
						Total investments for own account
18,391	19,946	18,703	16,853	25,667	28,749	Investments related to unit-linked contracts
131,327	128,019	139,566	124,011	164,494	190,634	Funds under management
289,817	305,960	321,936	307,032	383,230	421,817	Total assets under management

2.1.4 Consolidated income statement

	<i>FAP</i>	<i>pro forma</i>				
	1997	1997	1998	1999	2000	2001
Income						
Interest income	9,209	19,178	19,747	20,822	25,713	23,765
Insurance premiums	8,004	8,317	9,981	12,527	15,784	18,162
Result from financial transactions	1,133	1,750	3,603	3,085	738	(873)
Fee and commission income	780	1,646	2,041	2,251	2,694	2,561
Other income	1,454	1,689	1,943	2,665	3,028	2,768
Total income	20,580	32,580	37,315	41,350	47,957	46,383
Expenses						
Interest expense	(5,607)	(13,510)	(13,944)	(14,706)	(19,403)	(16,914)
Technical charges	(8,519)	(8,867)	(11,715)	(13,797)	(13,463)	(13,440)
Value adjustments	(166)	(557)	(872)	(547)	(462)	(626)
Fee and commission expense	(175)	(285)	(381)	(419)	(529)	(583)
Operating expenses	(4,662)	(7,144)	(7,973)	(8,489)	(9,965)	(11,127)
Total expenses	(19,129)	(30,363)	(34,885)	(37,958)	(43,822)	(42,690)
Profit before taxation and minority interests	1,451	2,217	2,430	3,392	4,135	3,693
Taxation	(334)	(655)	(413)	(893)	(1,150)	(918)
Net profit before minority interests	1,117	1,562	2,017	2,499	2,985	2,775
Minority interest	205	282	155	183	217	177
Net profit	912	1,280	1,862	2,316	2,768	2,598

2.1.5 Average exchange rates

	1997	1998	1999	2000	2001
<i>1 euro =</i>					
USD	1.13	1.12	1.07	0.92	0.90
GBP	0.69	0.68	0.66	0.61	0.62

2002	2003	2004	IFRS			
			2004	2005	2006	
26,353	26,692	41,191	54,223	66,845	72,583	Income
18,495	18,142	13,396	11,576	12,919	13,984	Interest income
			845	918	996	Insurance premiums
			204	157	198	Dividend and other investment income
			1,580	1,642	1,137	Share in result of associates and joint ventures
			(940)	878	1,362	Realised capital gains (losses) on investments
(4,370)	1,755	2,350				Other realised and unrealised gains and losses
2,360	2,295	2,536	2,733	3,124	3,734	Fee and commission income
			1,129	3,224	1,929	Income related to investments for unit-linked contracts
2,813	2,577	2,457	577	712	679	Other income
45,651	51,461	61,930	71,927	90,419	96,602	Total income
						Expenses
(19,477)	(19,851)	(34,349)	(47,966)	(60,227)	(65,121)	Interest expense
			(10,721)	(11,788)	(13,151)	Insurance claims and benefits
			(1,092)	(3,709)	(2,374)	Charges related to unit-linked contracts
(12,896)	(16,952)	(14,219)				
(791)	(784)	(264)	(380)	(235)	(194)	Change in impairments
(503)	(496)	(560)	(1,516)	(1,615)	(1,922)	Fee and commission expense
(10,514)	(10,463)	(8,184)	(7,363)	(7,695)	(8,397)	Operating expenses
(44,181)	(48,546)	(57,576)	(69,038)	(85,269)	(91,159)	Total expenses
1,470	2,915	4,354	2,889	5,150	5,443	Profit before taxation
(764)	(574)	(900)	(510)	(1,164)	(1,030)	Income tax expense
706	2,341	3,454	2,379	3,986	4,413	Net profit for the period
174	144	96	26	45	62	Net profit attributable to minority interests
532	2,197	3,358	2,353	3,941	4,351	Net profit attributable to shareholders

2002	2003	2004	2005	2006	
0.94	1.13	1.24	1.24	1.26	1 euro =
0.63	0.69	0.68	0.68	0.68	USD
			1.62	1.81	GBP
		134.32	136.81	146.01	TRY
					JPY

2.1.6 Shareholders' equity roll forward

	<i>FAP</i>		<i>pro forma</i>			
	1997	1997	1998	1999	2000	2001
Balance at 1 January	5,917	5,917	8,987	11,263	13,508	15,197
Effect of changes in accounting policies		774				
Net profit	912	912	1,862	2,316	2,768	2,598
Revaluation and reversals of revaluations of investments and taxation on these	880	1,679	478	652	(1,066)	(2,277)
Translation differences	(44)	(44)	3	228	109	95
Other non-owner changes in equity						
Total non-owner changes in equity	1,748	2,547	2,343	3,196	1,811	416
Dividend	(308)	(308)	(282)	(681)	(931)	(1,138)
Issuance of share capital, net of transaction costs		9,172	938	1,708	3,681	110
Goodwill	(334)	(9,109)	(783)	(1,928)	(2,799)	(773)
Other changes in net equity	(6)	(6)	60	(50)	(73)	32
Balance at 31 December	7,017	8,987	11,263	13,508	15,197	13,844

2.1.7 Shareholders' equity by activity at year end

	<i>FAP</i>		<i>pro forma</i>			
	1997	1997	1998	1999	2000	2001
Banking	2,627	5,153	6,773	7,401	8,696	8,907
Insurance	5,917	6,620	7,347	8,464	8,090	7,086
General (incl. eliminations)	(1,527)	(2,786)	(2,857)	(2,357)	(1,589)	(2,149)
Total shareholders' equity	7,017	8,987	11,263	13,508	15,197	13,844

2.1.8 Market capitalization

	<i>FAP</i>		<i>pro forma</i>			
	1997	1997	1998	1999	2000	2001
Fortis	15,381		37,612	42,173	44,646	37,682

2002	2003	2004	IFRS			
			2004	2005	2006	
13,844	10,871	11,894	12,417	15,337	18,929	Balance at 1 January
532	2,197	3,358	2,353	3,941	4,351	Net profit for the period
(1,533)	199	250	1,550	1,402	(1,103)	Revaluation of investments
(300)	(211)	(16)	(95)	130	(183)	Foreign exchange differences
				65	(20)	Other non-owner changes in equity
(1,301)	2,185	3,592	3,808	5,538	3,045	Total non-owner changes in equity
(1,137)	(1,136)	(1,193)	(1,178)	(2,012)	(1,574)	Dividend
37	34	46	54	10	74	Increase of capital
			236	56	170	Treasury shares
(418)	(84)	135				
(154)	24	(109)				
10,871	11,894	14,365	15,337	18,929	20,644	Balance at 31 December

2002	2003	2004	IFRS			
			2004	2005	2006	
8,253	8,665	9,702	10,879	12,975	16,666	Banking
5,530	6,482	6,969	7,105	7,713	8,363	Insurance
(2,912)	(3,253)	(2,306)	(2,647)	(1,759)	(4,385)	General (incl. eliminations)
10,871	11,894	14,365	15,337	18,929	20,644	Total shareholders' equity

2002	2003	2004	IFRS			
			2004	2005	2006	
21,672	20,719	26,491	26,078	34,555	41,761	Fortis

2.1.9 Solvency at year end

	<i>FAP</i>	<i>pro forma</i>				
	1997	1997	1998	1999	2000	2001
Solvency margin insurance activity	4,203	4,865	5,367	7,338	8,422	6,975
Tier-1 ratio banking activity	7.0%	7.0%	7.7%	7.6%	7.3%	8.5%
Total capital ratio banking activity	10.6%	10.5%	10.9%	12.2%	11.8%	13.5%

2.1.10 Return on average shareholders' equity

	<i>FAP</i>	<i>pro forma</i>				
	1997	1997	1998	1999	2000	2001
In %	14.1	12.5	16.4	18.7	20.0	17.9

2.1.11 Net profit attributable to shareholders

	<i>FAP</i>	<i>pro forma</i>				
	1997	1997	1998	1999	2000	2001
Banking	363	815	1,102	1,185	1,506	1,204
Insurance	634	590	667	1,289	1,484	1,577
General (incl. eliminations)	(85)	(125)	93	(158)	(222)	(183)
Net profit	912	1,280	1,862	2,316	2,768	2,598

2.1.12 Investments

		<i>pro forma</i>				
	1997	1997	1998	1999	2000	2001
Land and buildings	3,562	4,608	4,848	5,192	5,679	5,840
Shares	6,135	7,732	11,019	13,109	16,078	14,167
Debt securities	45,318	80,222	93,058	102,148	108,825	125,871
Other investments	1,397	4,897	6,171	6,933	3,621	1,798
Total investments	56,412	97,459	115,096	127,382	134,203	147,676

2002	2003	2004	IFRS			
			2004	2005	2006	
5,773	6,455	4,993	4,307	5,028	6,324	Solvency surplus insurance activity
8.2%	7.9%	8.3%	8.3%	7.4%	7.1%	Tier-1 ratio banking activity
13.0%	12.4%	12.3%	11.6%	10.5%	11.1%	Total capital ratio banking activity

2002	2003	2004	IFRS			
			2004	2005	2006	
4.3	19.3	25.6	17.0	23.0	22.0	In %

2002	2003	2004	IFRS			
			2004	2005	2006	
1,293	1,495	1,855	965	2,434	3,149	Banking
(687)	898	1,600	1,272	1,225	1,420	Insurance
(74)	(196)	(97)	116	282	(218)	General (incl. eliminations)
532	2,197	3,358	2,353	3,941	4,351	Net profit attributable to shareholders

2002	2003	2004	IFRS			
			2004	2005	2006	
6,558	6,629	6,598	2,304	2,546	3,047	Land and buildings
9,905	7,257	7,902	8,372	11,927	14,884	Shares
121,468	143,487	148,452	152,149	174,978	181,315	Debt securities
2,168	622	715	3,343	3,618	3,188	Other investments
140,099	157,995	163,667	166,168	193,069	202,434	Total investments
						Investments:
			4,721	4,670	4,505	- Held to maturity
			154,098	179,454	186,752	- Available for sale
			3,391	5,127	6,600	- Held at fair value through profit or loss
			2,360	2,612	3,109	- Investment property
			2,209	1,706	1,854	- Associates and joint ventures
			166,779	193,569	202,820	Total, gross
			(611)	(500)	(386)	Impairments
			166,168	193,069	202,434	Total investments

2.1.13 Due from customers

	<i>FAP</i>	<i>pro forma</i>				
	1997	1997	1998	1999	2000	2001
Banking:						
- Public sector	5,918	7,408	6,383	3,076	4,803	5,965
- Private sector: Retail						
- Secured by mortgages	17,618	26,023	29,804	33,815	40,006	42,013
- Other receivables	4,735	19,151	15,826	21,977	22,759	9,063
- Private sector: Corporate						
- Guaranteed by government authorities	4,176	6,998	5,628	6,157	5,057	2,325
- Other receivables	19,950	45,452	57,780	67,326	77,215	104,723
Total	52,397	105,032	115,421	132,351	149,840	164,089
Insurance:						
Mortgage loans	5,142	5,142	4,840	5,023	8,138	9,754
Private loans	1,992	1,992	1,705	2,298	6,082	5,730
Other loans	353	353	437	496	617	638
Total	7,487	7,487	6,982	7,817	14,837	16,122
General (incl. eliminations)	(187)	(260)	(190)	(746)	(2,584)	(3,377)
Total loan portfolio	59,697	112,259	122,213	139,422	162,093	176,834

			IFRS			
2002	2003	2004	2004	2005	2006	
4,775	4,534	5,562	5,975	7,781	5,313	Banking: Government and official institutions
44,924	55,857	59,391	72,407	80,098	89,322	Residential mortgage
8,497	8,534	8,267	8,815	9,431	10,226	Consumer loans
			77,566	93,646	110,650	Commercial loans
660	671	846	36,935	61,074	37,649	Reverse repurchase agreements
99,735	104,806	132,335	18,191	17,307	22,091	Securities lending transactions
			6,342	7,825	10,000	Finance lease receivables
			1,896	3,071	2,827	Other
158,591	174,402	206,401	228,127	280,233	288,078	Total
			(2,620)	(2,371)	(2,201)	Impairments
			225,507	277,862	285,877	Due from customers
						Insurance:
			678	573	463	Government and official institutions
10,728	5,399	4,453	4,472	4,463	4,228	Residential mortgage
5,136	4,695	3,316	228	387	172	Consumer loans
			1,765	1,662	1,760	Commercial loans
			122	119	116	Policyholder loans
666	564	505	536	513	491	Other
16,530	10,658	8,274	7,801	7,717	7,230	Total
			(71)	(85)	(69)	Impairments
			7,730	7,632	7,161	Due from customers
(2,977)	(3,021)	(5,303)	(5,403)	(4,735)	(6,579)	General (incl. eliminations)
172,144	182,039	209,372	227,834	280,759	286,459	Due from customers

2.1.14 Composition of total income

	<i>FAP</i>	<i>pro forma</i>				
	1997	1997	1998	1999	2000	2001
Banking:						
Interest income	7,224	17,138	17,697	18,589	23,301	20,819
Interest expense	(5,503)	(13,371)	(13,667)	(14,419)	(19,145)	(16,415)
Net interest income	1,721	3,767	4,030	4,170	4,156	4,404
Fee and commission income	780	1,646	2,041	2,250	2,693	2,561
Fee and commission expense	(175)	(285)	(381)	(412)	(529)	(583)
Net fee and commission income	605	1,361	1,660	1,838	2,164	1,978
Result from financial transactions	304	915	1,437	704	1,124	1,093
Other income	250	480	505	678	678	897
Total income, net of interest expense	2,880	6,523	7,632	7,390	8,122	8,372
Insurance:						
Interest income	2,001	2,051	2,129	2,276	2,533	3,159
Insurance premiums	8,004	8,317	9,981	12,527	15,784	18,162
Result from financial transactions	828	835	1,893	2,378	(386)	(1,966)
Other income	1,187	1,189	1,356	1,929	2,339	1,854
Total income	12,020	12,392	15,359	19,110	20,270	21,209
Interest expense	(117)	(116)	(141)	(201)	(314)	(688)
Total income, net of interest expense	11,903	12,276	15,218	18,909	19,956	20,521
General (incl. eliminations)	15	(13)	141	(74)	(53)	(7)
Total income, net of interest expense	14,798	18,786	22,991	26,225	28,025	28,886

	2002	2003	2004	IFRS			
				2004	2005	2006	
	23,373	23,751	38,878	52,353	64,695	70,197	Banking:
	(18,961)	(19,371)	(34,291)	(47,827)	(60,042)	(65,111)	Interest income
	4,412	4,380	4,587	4,526	4,653	5,086	Interest expense
							Net interest income
	2,360	2,295	2,536	2,634	2,894	3,584	Fee and commission income
	(499)	(493)	(558)	(515)	(604)	(820)	Fee and commission expense
	1,861	1,802	1,978	2,119	2,290	2,764	Net fee and commission income
				16	13	12	Insurance premiums
				178	188	200	Dividend and other investment income
				47	71	87	Share in result of associates and joint ventures
				516	712	576	Realised capital gains (losses) on investments
				(914)	805	1,339	Other realised and unrealised gains and losses
	791	1,018	696				
	799	750	880	244	259	260	Other income
	7,863	7,950	8,141	6,732	8,991	10,324	Total income, net of interest expense
							Insurance:
	3,291	3,468	2,792	2,527	2,703	3,167	Interest income
	18,495	18,142	13,396	11,674	12,980	14,049	Insurance premiums
				680	736	796	Dividend and other investment income
				156	83	112	Share in result of associates and joint ventures
				669	493	576	Realised capital gains (losses) on investments
				24	16	(17)	Other realised and unrealised gains and losses
	(5,241)	745	1,575				
				265	415	478	Fee and commission income
				1,141	3,255	1,949	Income related to investments for united-linked contracts
	2,002	1,826	1,582	321	481	519	Other income
	18,547	24,181	19,345	17,457	21,162	21,629	Total income
	(749)	(884)	(420)	(539)	(505)	(565)	Interest expense
				(1,168)	(1,196)	(1,430)	Fee and commission expense
	17,798	23,297	18,925	15,750	19,461	19,634	Total income, net of interest expense
	10	(132)	(44)	(37)	125	(399)	General (incl. eliminations)
	25,671	31,115	27,022	22,445	28,577	29,559	Total income, net of interest expense

2.1.15 Employees

	1997	<i>pro forma</i> 1997	1998	1999	2000	2001
Average FTE's						
Benelux	25,868	43,577	44,241	42,934	42,812	45,304
United States	6,662	6,736	7,649	9,739	10,252	10,959
Other	2,699	7,719	7,591	8,436	9,817	9,947
Total	35,229	58,032	59,481	61,109	62,881	66,210

2002	2003	2004	2005	2006	
					FTE's at year end
44,052	42,210	39,244	37,814	38,169	Benelux
		8,123	14,736	16,481	Other European countries
12,046	12,391	653	780	1,016	North America
		795	872	1,177	Asia
9,891	9,853	44	43	43	Other countries
65,989	64,454	48,859	54,245	56,886	Total

2.2 Banking

2.2.1 Profit before taxation

	<i>FAP</i>		<i>pro forma</i>			
	1997	1997	1998	1999	2000	2001
Belgium	462	811	1,165	916	1,022	798
The Netherlands	256	283	362	494	580	273
Luxembourg		272	125	350	350	441
Benelux	718	1,366	1,652	1,760	1,952	1,512
United States		5	20	13	23	88
Rest of the world		199	234	169	357	398
Operating result before taxation	718	1,570	1,906	1,942	2,332	1,998

2.2.2 Specification of net fee and commission income

	<i>FAP</i>		<i>pro forma</i>			
	1997	1997	1998	1999	2000	2001
Commission income:						
- Issuance	6	90	137	171	186	89
- Securities transactions	59	379	571	608	780	598
- Insurance	80	136	164	162	166	148
- Asset management	120	276	416	503	650	757
- Payment services	85	245	204	243	294	338
- Miscellaneous	430	520	549	563	617	631
Total commission income	780	1,646	2,041	2,250	2,693	2,561
Commission paid	175	285	381	412	529	583
Net commission income	605	1,361	1,660	1,838	2,164	1,978

2002	2003	2004	IFRS			
			2004	2005	2006	
990	694	501	614	1,306	1,514	Retail Banking
307	408	882	147	1,089	1,431	Merchant Banking
398	361	503	558	646	865	Commercial & Private Banking
1,695	1,463	1,886	(139)	138	41	Other Banking
(96)	40	48				
310	391	729				
1,909	1,894	2,663	1,180	3,179	3,851	Profit before taxation

2002	2003	2004	IFRS			
			2004	2005	2006	
						Fee and commission income
65	49	67				
519	473	485	704	716	926	Securities
140	154	172	214	239	346	Insurance, including reinsurance commissions
675	638	763	814	958	1,236	Asset management
346	372	383	464	437	465	Payment services
615	609	666				
			189	232	289	Guarantees and commitment fees
			249	312	322	Other fees
2,360	2,295	2,536	2,634	2,894	3,584	Total fee and commission income
						Fee and commission expenses
			126	131	224	Securities
			141	152	163	Intermediaries
			98	91	193	Asset management fees
			107	133	151	Payment services
			7	10	10	Custodian fees
			36	87	79	Other fee and commission expenses
499	493	558	515	604	820	Total fee and commission expenses
1,861	1,802	1,978	2,119	2,290	2,764	Net fee and commission income

2.2.3 Specification of realised and unrealised gains and losses

	<i>FAP</i>	<i>pro forma</i>				
	1997	1997	1998	1999	2000	2001
Realised capital gains and losses	153	551	983	437	495	431
Subsidiaries, associates and joint ventures						(7)
Realised capital gains and losses	153	551	983	437	495	424
Profit / loss on financial instruments	43	51	59	58	75	358
Exchange rate transactions	102	264	240	132	235	167
Other	6	49	155	77	220	54
	151	364	454	267	530	579
Total result from financial transactions	304	915	1,437	704	1,025	1,003

2.2.4 Cost/income ratio

	<i>FAP</i>	<i>pro forma</i>				
	1997	1997	1998	1999	2000	2001
Belgium	62.2	70.3	66.6	72.5	71.2	69.4
The Netherlands	76.1	75.5	73.9	68.7	67.6	71.9
Luxembourg		46.4	34.6	39.4	55.2	65.0
Benelux				66.7	66.7	69.7
United States		79.6	36.1	24.7	36.5	50.5
Rest of the world		64.9	57.4	69.7	58.8	64.7

2002	2003	2004	IFRS			
			2004	2005	2006	
366	443	439				
			397	530	76	Debt securities
			55	90	375	Equity securities
			22	54	21	Real estate
1	16	39	41	36	104	Subsidiaries, associates and joint ventures
			1	2		Other
367	459	478	516	712	576	Realised capital gains (losses) on investments
228	(218)	(688)	(1,139)	475	967	Assets and liabilities held for trading
242	249	287	80	220	140	Assets and liabilities held at fair value through profit or loss
(26)	362	536	17	199	272	Hedging results
			(128)	(89)	(40)	Other
444	393	135	(914)	805	1,339	Other realised and unrealised gains and losses
811	852	613	(398)	1,517	1,915	Total realised and unrealised gains and losses

2002	2003	2004	IFRS			
			2004	2005	2006	
67.2	71.4	77.8	77.6	65.8	65.4	Retail Banking
78.5	69.4	58.6	86.5	57.5	52.1	Merchant Banking
48.1	49.1	42.1	64.2	61.7	60.0	Commercial & Private Banking
67.9	68.1	65.9	79.4	62.3	61.2	Total Banking
47.1	52.9	78.4				
64.5	61.6	56.6				

2.3 Insurance

2.3.1 Gross premiums Life insurance

	<i>FAP</i> 1997	<i>pro forma</i> 1997	1998	1999	2000	2001
The Netherlands						
Gross written premiums	1,251	1,251	1,731	1,467	1,566	3,457
Gross inflow	1,251	1,251	1,731	1,467	1,566	3,457
Belgium						
Gross written premiums	1,758	1,985	2,916	3,313	4,488	3,694
Gross inflow	1,758	1,985	2,916	3,313	4,488	3,694
Luxembourg						
Gross written premiums	78	166	181	170	277	455
Gross inflow	78	166	181	170	277	455
United States						
Gross written premiums	818	818	879	1,205	1,773	1,672
Gross inflow	818	818	879	1,205	1,773	1,672
Rest of the world						
Gross written premiums	741	740	760	1,302	1,629	1,404
Gross inflow	741	740	760	1,302	1,629	1,404
Total Insurance						
Gross written premiums	4,646	4,960	6,467	7,457	9,733	10,682
Gross inflow	4,646	4,960	6,467	7,457	9,733	10,682

2002	2003	2004	IFRS			
			2004	2005	2006	
3,109	2,982	2,808	2,542	2,635	3,437	Insurance Netherlands
						Premium inflow recognised in income statement
						Premium inflow deposit accounting
3,109	2,982	2,808	2,542	2,635	3,437	Total premium inflow Life insurance
						Insurance Belgium
3,394	4,033	4,281	3,669	4,139	4,353	Premium inflow recognised in income statement
			630	1,141	1,121	Premium inflow deposit accounting
3,394	4,033	4,281	4,299	5,280	5,474	Total premium inflow Life insurance
						Insurance International
495	653	864	398	1,482	1,357	Premium inflow recognised in income statement
			825	2,084	1,857	Premium inflow deposit accounting
495	653	864	1,223	3,566	3,214	Total premium inflow Life insurance
901	729	59				
901	729	59				
1,855	1,134	1,078				
1,855	1,134	1,078				
						Total Insurance
9,754	9,531	9,090	6,609	8,256	9,147	Premium inflow recognised in income statement
			1,455	3,225	2,978	Premium inflow deposit accounting
9,754	9,531	9,090	8,064	11,481	12,125	Total premium inflow Life insurance

2.3.2 Gross premiums Non-life insurance

	<i>FAP</i>	<i>pro forma</i>				
	1997	1997	1998	1999	2000	2001
The Netherlands						
- Accident and health	142	142	100	119	131	795
- Motor	164	164	181	202	213	469
- Fire and other damages	206	206	209	208	211	323
- Other lines	136	136	138	152	158	328
Belgium						
- Accident and health	223	223	240	253	258	271
- Motor	269	269	249	256	278	292
- Fire and other damages	316	316	309	314	309	325
- Other lines	172	172	165	158	169	173
Luxembourg						
- Accident and health						
- Motor						
- Fire and other damages	9	9	9	9	10	10
- Other lines	3	3	3	4	4	4
United States						
- Accident and health	1,434	1,434	1,823	2,696	3,166	3,117
- Motor						
- Other lines	610	610	673	1,837	3,755	3,805
Rest of the world						
- Accident and health	127	127	108	117	58	57
- Motor	362	362	382	522	688	684
- Fire and other damages	112	112	108	148	180	192
- Other lines	74	74	58	82	105	87
Total gross written premiums Non-life	4,359	4,359	4,755	7,077	9,693	10,932

2002	2003	2004	IFRS			
			2004	2005	2006	
898	945	1,069	1,064	993	965	Insurance Netherlands
488	516	517	1,024	976	978	- Accident and health
357	383	391				- Property and casualty
383	419	440				
295	309	309	309	331	366	Insurance Belgium
319	342	365	791	833	904	- Accident and health
369	397	392				- Property and casualty
205	225	264				
1	1	1	63	174	209	Insurance International
10	11	11	1,385	1,468	1,611	- Accident and health
5	5	6				- Property and casualty
3,356	2,976	226				
4,081	3,645	277				
64	78	64				
713	684	553				
227	247	205				
87	103	86				
11,858	11,286	5,176	4,636	4,775	5,033	Total gross written premiums Non-life insurance

2.3.3 Technical result

	FAP 1997	pro forma 1997	1998	1999	2000	2001
The Netherlands						
Life	176	172	156	155	169	231
Non-life	4	4	5	12	(10)	54
- Accident and health	(6)	(6)	1	15	19	37
- Motor	5	5	(1)	(8)	(23)	
- Fire and other damages	6	6	4	3	(10)	9
- Other lines	(1)	(1)	1	2	4	8
Belgium						
Life	174	180	211	239	318	334
Non-life	36	36	28	38	63	86
- Accident and health	34	34	24	24	22	38
- Motor	(13)	(13)	(15)	1	7	3
- Fire and other damages	11	11	20	15	27	24
- Other lines	4	4	(1)	(2)	7	21
Luxembourg						
Life	2	3	2	2	(14)	4
Non-life	2	2	1	2		3
- Accident and health						
- Motor						
- Fire and other damages	2	2	1		1	3
- Other lines				2	(1)	
United States						
Life	69	71	85	128	194	155
Non-life	39	29	3	65	212	280
- Accident and health	19	10	(32)	25	30	140
- Motor						
- Other lines	20	19	35	40	182	140
Rest of the world						
Life	22	21	29	14	23	31
Non-life	28	28	24	21	50	69
- Accident and health	9	9	8	6	8	3
- Motor	8	8	9	9	29	54
- Fire and other damages	3	3	(1)		6	2
- Other lines	8	8	8	6	7	10
Life	443	447	483	538	690	755
Non-life	109	99	61	138	315	492
Total technical result	552	546	544	676	1,005	1,247

Note: figures from 1997 pro forma onwards have been restated to show the reclassifications from Other insurance to Life and Non-life. In 2004 under IFRS Other Insurance includes Assurant, Inc.

2002	2003	2004	IFRS 2004	2005	2006	
						Insurance Netherlands
279	265	290	263	293	276	Life
50	56	184	165	223	272	Non-life
69	91	135	138	146	192	- Accident and health
(14)	(24)	1	14	18	38	- Motor
2	10	54	22	39	27	- Fire and other damage to property
(7)	(21)	(6)	(9)	20	15	- Other
						Insurance Belgium
373	414	429	335	398	324	Life
104	199	185	127	139	129	Non-life
40	60	36	27	47	39	- Accident and health
27	68	78	59	62	54	- Motor
29	59	53	36	29	30	- Fire and other damage to property
8	12	18	5	1	6	- Other
						Insurance International
7	2	8	(21)		38	Life
2	1	1	97	175	172	Non-life
			4	16	12	- Accident and health
			31	53	57	- Motor
1	1	2	59	67	65	- Fire and other damage to property
1		(1)	3	39	38	- Other
167	118	4				
300	283	22				
180	185	10				
120	98	12				
(9)	22	7				
77	78	74				
6	4	2				
81	56	42				
(8)	7	26				
(2)	11	4				
817	821	738	577	691	638	Life
533	617	466	389	537	573	Non-life
			22			Other insurance
1,350	1,438	1,204	988	1,228	1,211	Total technical result

2.3.4 Profit before taxation

	<i>FAP</i>	<i>pro forma</i>				
	1997	1997	1998	1999	2000	2001
The Netherlands	273	272	260	393	558	676
Belgium	277	241	385	469	597	554
Luxembourg	5	6	5	8	(1)	8
Benelux	555	519	650	870	1,154	1,238
United States	192	185	146	324	459	300
Rest of the world	90	90	108	77	155	129
Operating result before taxation	837	794	904	1,271	1,768	1,667

2002	2003	2004	IFRS			
			2004	2005	2006	
273	(171)	529	610	751	810	Insurance Netherlands
231	196	677	665	685	698	Insurance Belgium
10	(5)	12	164	296	343	Insurance International
514	20	1,218	212			Other Insurance
432	442	131				
(95)	121	111				
851	583	1,460	1,651	1,732	1,851	Profit before taxation

2.3.5 Ratios Non-life insurance

	<i>FAP</i>	<i>pro forma</i>				
	1997	1997	1998	1999	2000	2001
The Netherlands						
Accident and health						
- Claims ratio	77.9	77.9	73.4	64.1	64.1	71.3
- Expense ratio	32.8	32.8	28.7	33.3	29.9	27.4
Motor						
- Claims ratio	64.9	64.9	68.7	72.1	77.4	68.0
- Expense ratio	40.7	40.7	40.9	40.1	40.7	37.9
Fire						
- Claims ratio	54.0	54.0	50.9	48.2	58.3	47.6
- Expense ratio	46.9	46.9	49.5	53.7	50.9	50.4
Other lines						
- Claims ratio	68.9	68.9	58.8	62.8	62.1	58.3
- Expense ratio	43.4	43.4	51.0	43.5	43.2	46.6
Belgium						
Accident and health						
- Claims ratio	80.9	80.9	85.9	81.8	84.3	78.8
- Expense ratio	25.7	25.7	24.0	26.9	24.7	24.7
Motor						
- Claims ratio	75.5	75.5	76.7	69.3	68.6	70.0
- Expense ratio	44.4	44.4	44.1	44.9	42.2	40.0
Fire						
- Claims ratio	47.9	47.9	47.1	46.1	46.4	47.3
- Expense ratio	52.4	52.4	51.2	53.1	50.8	49.8
Other lines						
- Claims ratio	67.4	67.4	70.2	84.7	61.9	49.9
- Expense ratio	47.7	47.7	46.3	53.0	53.0	48.5
Luxembourg						
Accident and health						
- Claims ratio	49.6	49.6	74.9	66.1	49.6	49.4
- Expense ratio	32.8	32.8	35.8	30.7	44.6	44.4
Motor						
- Claims ratio						
- Expense ratio						
Fire						
- Claims ratio	40.3	40.3	39.9	40.9	38.1	29.4
- Expense ratio	47.7	47.7	48.6	53.4	54.6	42.1
Other lines						
- Claims ratio	52.8	52.8	78.2	(13.7)	35.6	39.4
- Expense ratio	38.4	38.4	48.2	42.2	109.6	51.3

2002	2003	2004	IFRS 2004	2005	2006	
						Insurance Netherlands
						Non-life insurance:
69.7	66.7	65.9	62.9	57.3	55.8	Claims ratio
26.7	24.6	23.2	34.9	34.9	34.8	Expense ratio
			97.8	92.2	90.6	Combined ratio
71.5	70.4	69.6				
37.4	36.6	36.7				
55.9	52.0	45.9				
47.7	47.3	42.3				
62.1	68.1	64.1				
43.4	40.4	44.0				
						Insurance Belgium
						Non-life insurance:
80.2	76.2	84.1	61.0	60.2	61.6	Claims ratio
24.8	24.0	24.9	37.4	36.9	37.4	Expense ratio
			98.4	97.1	99.0	Combined ratio
63.4	55.4	50.7				
39.9	36.0	36.9				
56.3	38.4	43.0				
46.5	46.1	44.9				
66.5	64.5	65.4				
45.0	44.6	41.9				
						Insurance International
						Non-life insurance:
36.7	38.7	58.9	72.0	67.7	67.1	Claims ratio
50.1	40.4	36.9	29.5	32.4	33.0	Expense ratio
			101.5	100.1	100.1	Combined ratio
36.0	43.5	30.9				
57.6	47.1	44.2				
(3.1)	26.6	55.2				
77.4	76.0	76.2				

	<i>FAP</i>	<i>pro forma</i>				
	1997	1997	1998	1999	2000	2001
United States						
Health						
- Claims ratio	72.3	72.3	74.1	75.9	75.5	70.6
- Expense ratio	32.6	32.6	28.1	24.4	24.4	26.4
Disability						
- Claims ratio	67.4	67.4	70.0	71.5	70.1	71.3
- Expense ratio	32.4	32.4	35.7	33.4	35.0	33.9
Rest of the world						
Accident and health						
- Claims ratio						
- Expense ratio						
Motor						
- Claims ratio	82.3	82.3	83.1	79.4	77.3	74.2
- Expense ratio	25.3	25.3	26.4	26.1	22.4	23.8
Fire						
- Claims ratio	52.8	52.8	60.5	59.0	67.4	69.4
- Expense ratio	44.0	44.0	41.7	39.9	50.1	41.1
Other lines						
- Claims ratio	47.0	47.0	52.7	57.5	54.3	51.2
- Expense ratio	54.3	54.3	48.2	54.1	43.6	46.6

2002	2003	2004	IFRS 2004	2005	2006
66.6	65.5				
29.4	28.1				
70.8	73.8				
32.7	31.9				
72.3	74.6	76.3			
21.9	22.8	22.6			
74.4	67.7	59.8			
43.4	44.7	48.1			
66.3	62.3	71.6			
38.4	33.5	27.2			

Part II

Quarterly figures

3 Quarterly figures

3.1 Income statement Fortis

	<i>2006</i>				
	<i>First quarter</i>	<i>Second quarter</i>	<i>Third quarter</i>	<i>Fourth quarter</i>	<i>Total</i>
Income					
Interest income	16,629	18,472	17,926	19,556	72,583
Insurance premiums	3,137	3,141	3,202	4,504	13,984
Dividend and other investment income	188	374	209	225	996
Share in result of associates and joint ventures	57	50	52	39	198
Realised capital gains (losses) on investments	403	168	275	291	1,137
Other realised and unrealised gains and losses	448	520	91	303	1,362
Fee and commission income	964	939	892	939	3,734
Income related to investments for unit-linked contracts	794	(913)	1,155	893	1,929
Other income	125	275	88	191	679
Total income	22,745	23,026	23,890	26,941	96,602
Expenses					
Interest expense	(14,839)	(16,540)	(16,131)	(17,611)	(65,121)
Insurance claims and benefits	(2,696)	(3,117)	(2,888)	(4,450)	(13,151)
Charges related to unit-linked contracts	(1,018)	924	(1,282)	(998)	(2,374)
Change in impairments	(18)	(58)	(23)	(95)	(194)
Fee and commission expense	(542)	(451)	(467)	(462)	(1,922)
Depreciation and amortisation of tangible and intangible assets	(136)	(143)	(140)	(157)	(576)
Staff expenses	(1,104)	(1,064)	(1,122)	(1,195)	(4,485)
Other expenses	(726)	(814)	(763)	(1,033)	(3,336)
Total expenses	(21,079)	(21,263)	(22,816)	(26,001)	(91,159)
Profit before taxation	1,666	1,763	1,074	940	5,443
Income tax expense	(320)	(354)	(178)	(178)	(1,030)
Net profit for the period	1,346	1,409	896	762	4,413
Net profit attributable to minority interests	18	19	12	13	62
Net profit attributable to shareholders	1,328	1,390	884	749	4,351

	<i>2005</i>				
	<i>First quarter</i>	<i>Second quarter</i>	<i>Third quarter</i>	<i>Fourth quarter</i>	<i>Total</i>
Income					
Interest income	17,101	17,207	17,003	15,534	66,845
Insurance premiums	2,994	3,179	3,148	3,598	12,919
Dividend and other investment income	189	302	202	225	918
Share in result of associates and joint ventures	51	38	44	24	157
Realised capital gains (losses) on investments	931	342	278	91	1,642
Other realised and unrealised gains and losses	303	202	250	123	878
Fee and commission income	733	741	787	863	3,124
Income related to investments for unit-linked contracts	480	1,219	920	605	3,224
Other income	300	127	106	179	712
Total income	23,082	23,357	22,738	21,242	90,419
Expenses					
Interest expense	(15,558)	(15,564)	(15,338)	(13,767)	(60,227)
Insurance claims and benefits	(2,623)	(2,904)	(2,821)	(3,440)	(11,788)
Charges related to unit-linked contracts	(749)	(1,302)	(1,042)	(616)	(3,709)
Change in impairments	(29)	(17)	(92)	(97)	(235)
Fee and commission expense	(438)	(402)	(385)	(390)	(1,615)
Depreciation and amortisation of tangible and intangible assets	(122)	(129)	(134)	(163)	(548)
Staff expenses	(962)	(1,008)	(1,028)	(1,293)	(4,291)
Other expenses	(659)	(643)	(710)	(844)	(2,856)
Total expenses	(21,140)	(21,969)	(21,550)	(20,610)	(85,269)
Profit before taxation	1,942	1,388	1,188	632	5,150
Income tax expense	(419)	(338)	(241)	(166)	(1,164)
Net profit for the period	1,523	1,050	947	466	3,986
Net profit attributable to minority interests	18	7	15	5	45
Net profit attributable to shareholders	1,505	1,043	932	461	3,941

2004

	<i>First quarter</i>	<i>Second quarter</i>	<i>Third quarter</i>	<i>Fourth quarter</i>	<i>Total</i>
Income					
Interest income	12,162	10,816	14,437	16,808	54,223
Insurance premiums	3,384	2,721	2,466	3,005	11,576
Dividend and other investment income	171	264	200	210	845
Share in result of associates and joint ventures	42	70	65	27	204
Realised capital gains (losses) on investments	1,207	93	12	268	1,580
Other realised and unrealised gains and losses	(776)	1,019	(529)	(654)	(940)
Fee and commission income	683	659	702	689	2,733
Income related to investments for unit-linked contracts	580	52	(51)	548	1,129
Other income	299	201	221	(144)	577
Total income	17,752	15,895	17,523	20,757	71,927
Expenses					
Interest expense	(10,604)	(9,220)	(12,934)	(15,208)	(47,966)
Insurance claims and benefits	(3,149)	(2,474)	(2,191)	(2,907)	(10,721)
Charges related to unit-linked contracts	(561)	(183)	(106)	(242)	(1,092)
Change in impairments	(71)	(79)	(140)	(90)	(380)
Fee and commission expense	(429)	(352)	(382)	(353)	(1,516)
Depreciation and amortisation of tangible and intangible assets	(120)	(117)	(120)	(112)	(469)
Staff expenses	(957)	(948)	(889)	(984)	(3,778)
Other expenses	(848)	(660)	(687)	(921)	(3,116)
Total expenses	(16,739)	(14,033)	(17,449)	(20,817)	(69,038)
Profit before taxation	1,013	1,862	74	(60)	2,889
Income tax expense	(51)	(574)	46	69	(510)
Net profit for the period	962	1,288	120	9	2,379
Net profit attributable to minority interests	9	11	7	(1)	26
Net profit attributable to shareholders	953	1,277	113	10	2,353

3.2 Income statement Banking

	<i>2006</i>				
	<i>First quarter</i>	<i>Second quarter</i>	<i>Third quarter</i>	<i>Fourth quarter</i>	<i>Total</i>
Income					
Interest income	16,126	17,841	17,450	18,780	70,197
Interest expense	(14,826)	(16,498)	(16,173)	(17,614)	(65,111)
Net interest income	1,300	1,343	1,277	1,166	5,086
Fee and commission income	897	919	858	910	3,584
Fee and commission expense	(210)	(195)	(201)	(214)	(820)
Net fee and commission income	687	724	657	696	2,764
Insurance premiums	3	3	2	4	12
Dividend, share in result of associates and joint ventures and other investment income	61	101	64	61	287
Realised capital gains (losses) on investments	249	16	142	169	576
Other realised and unrealised gains and losses	424	582	54	279	1,339
Other income	72	67	50	71	260
Total income, net of Interest expense	2,796	2,836	2,246	2,446	10,324
Change in impairments	(9)	(41)	(18)	(90)	(158)
Net revenues	2,787	2,795	2,228	2,356	10,166
Expenses					
Staff expenses	(886)	(863)	(920)	(956)	(3,625)
Depreciation and amortisation of tangible and intangible assets	(84)	(84)	(84)	(98)	(350)
Other expenses	(543)	(544)	(541)	(706)	(2,334)
Insurance claims and benefits		(3)	(4)	1	(6)
Total expenses	(1,513)	(1,494)	(1,549)	(1,759)	(6,315)
Profit before taxation	1,274	1,301	679	597	3,851
Income tax expense	(238)	(280)	(83)	(91)	(692)
Net profit for the period	1,036	1,021	596	506	3,159
Net profit attributable to minority interests		6	3	1	10
Net profit attributable to shareholders	1,036	1,015	593	505	3,149

	<i>2005</i>				
	<i>First quarter</i>	<i>Second quarter</i>	<i>Third quarter</i>	<i>Fourth quarter</i>	<i>Total</i>
Income					
Interest income	16,564	16,650	16,474	15,007	64,695
Interest expense	(15,511)	(15,506)	(15,279)	(13,746)	(60,042)
Net interest income	1,053	1,144	1,195	1,261	4,653
Fee and commission income	659	688	754	793	2,894
Fee and commission expense	(140)	(153)	(156)	(155)	(604)
Net fee and commission income	519	535	598	638	2,290
Insurance premiums	3	3	3	4	13
Dividend, share in result of associates and joint ventures and other investment income	66	57	66	70	259
Realised capital gains (losses) on investments	386	235	102	(11)	712
Other realised and unrealised gains and losses	267	191	212	135	805
Other income	126	36	36	61	259
Total income, net of Interest expense	2,420	2,201	2,212	2,158	8,991
Change in impairments	(25)	(12)	(97)	(75)	(209)
Net revenues	2,395	2,189	2,115	2,083	8,782
Expenses					
Staff expenses	(746)	(801)	(816)	(1,007)	(3,370)
Depreciation and amortisation of tangible and intangible assets	(71)	(73)	(79)	(85)	(308)
Other expenses	(464)	(410)	(460)	(585)	(1,919)
Insurance claims and benefits	(4)		1	(3)	(6)
Total expenses	(1,285)	(1,284)	(1,354)	(1,680)	(5,603)
Profit before taxation	1,110	905	761	403	3,179
Income tax expense	(311)	(194)	(137)	(92)	(734)
Net profit for the period	799	711	624	311	2,445
Net profit attributable to minority interests	7		4		11
Net profit attributable to shareholders	792	711	620	311	2,434

	<i>2004</i>				
	<i>First quarter</i>	<i>Second quarter</i>	<i>Third quarter</i>	<i>Fourth quarter</i>	<i>Total</i>
Income					
Interest income	11,636	10,277	13,923	16,517	52,353
Interest expense	(10,474)	(9,133)	(12,854)	(15,366)	(47,827)
Net interest income	1,162	1,144	1,069	1,151	4,526
Fee and commission income	645	635	684	670	2,634
Fee and commission expense	(129)	(119)	(166)	(101)	(515)
Net fee and commission income	516	516	518	569	2,119
Insurance premiums	4	4	4	4	16
Dividend, share in result of associates and joint ventures and other investment income	39	67	82	37	225
Realised capital gains (losses) on investments	427	31	55	3	516
Other realised and unrealised gains and losses	(736)	973	(519)	(632)	(914)
Other income	74	83	52	35	244
Total income, net of Interest expense	1,486	2,818	1,261	1,167	6,732
Change in impairments	(94)	(16)	(84)	(14)	(208)
Net revenues	1,392	2,802	1,177	1,153	6,524
Expenses					
Staff expenses	(730)	(731)	(713)	(789)	(2,963)
Depreciation and amortisation of tangible and intangible assets	(83)	(78)	(80)	(74)	(315)
Other expenses	(469)	(472)	(441)	(658)	(2,040)
Insurance claims and benefits				(26)	(26)
Total expenses	(1,282)	(1,281)	(1,234)	(1,547)	(5,344)
Profit before taxation	110	1,521	(57)	(394)	1,180
Income tax expense	23	(467)	77	166	(201)
Net profit for the period	133	1,054	20	(228)	979
Net profit attributable to minority interests	6	6	4	(2)	14
Net profit attributable to shareholders	127	1,048	16	(226)	965

3.3 Income statement Insurance

	<i>2006</i>				
	<i>First quarter</i>	<i>Second quarter</i>	<i>Third quarter</i>	<i>Fourth quarter</i>	<i>Total</i>
Income					
Interest income	687	731	755	994	3,167
Insurance premiums	3,150	3,154	3,216	4,529	14,049
Dividend and other investment income	156	296	171	173	796
Share in result of associates and joint ventures	27	27	29	29	112
Realised capital gains (losses) on investments	164	155	135	122	576
Other realised and unrealised gains and losses	(4)	(26)	4	9	(17)
Fee and commission income	138	111	111	118	478
Income related to investments for unit-linked contracts	805	(916)	1,165	895	1,949
Other income	74	215	86	144	519
Total income	5,197	3,747	5,672	7,013	21,629
Expenses					
Interest expense	(133)	(135)	(151)	(146)	(565)
Insurance claims and benefits	(2,737)	(3,172)	(2,908)	(4,489)	(13,306)
Charges related to unit-linked contracts	(1,018)	924	(1,282)	(998)	(2,374)
Change in impairments	(9)	(17)	(5)	(5)	(36)
Fee and commission expense	(403)	(347)	(343)	(337)	(1,430)
Depreciation and amortisation of tangible and intangible assets	(53)	(57)	(56)	(60)	(226)
Staff expenses	(205)	(191)	(199)	(216)	(811)
Other expenses	(197)	(265)	(259)	(309)	(1,030)
Total expenses	(4,755)	(3,260)	(5,203)	(6,560)	(19,778)
Profit before taxation	442	487	469	453	1,851
Income tax expense	(92)	(95)	(94)	(109)	(390)
Net profit for the period	350	392	375	344	1,461
Net profit attributable to minority interests	11	11	8	11	41
Net profit attributable to shareholders	339	381	367	333	1,420

	<i>2005</i>				
	<i>First quarter</i>	<i>Second quarter</i>	<i>Third quarter</i>	<i>Fourth quarter</i>	<i>Total</i>
Income					
Interest income	665	689	669	680	2,703
Insurance premiums	3,010	3,199	3,170	3,601	12,980
Dividend and other investment income	143	259	159	175	736
Share in result of associates and joint ventures	23	28	23	9	83
Realised capital gains (losses) on investments	102	114	177	100	493
Other realised and unrealised gains and losses	28	1	10	(23)	16
Fee and commission income	108	101	88	118	415
Income related to investments for unit-linked contracts	486	1,223	927	619	3,255
Other income	177	95	71	138	481
Total income	4,742	5,709	5,294	5,417	21,162
Expenses					
Interest expense	(119)	(131)	(141)	(114)	(505)
Insurance claims and benefits	(2,657)	(2,951)	(2,863)	(3,473)	(11,944)
Charges related to unit-linked contracts	(749)	(1,302)	(1,042)	(616)	(3,709)
Change in impairments	(4)	(6)	6	(22)	(26)
Fee and commission expense	(337)	(292)	(284)	(283)	(1,196)
Depreciation and amortisation of tangible and intangible assets	(50)	(57)	(55)	(78)	(240)
Staff expenses	(206)	(202)	(197)	(263)	(868)
Other expenses	(188)	(225)	(238)	(291)	(942)
Total expenses	(4,310)	(5,166)	(4,814)	(5,140)	(19,430)
Profit before taxation	432	543	480	277	1,732
Income tax expense	(118)	(158)	(112)	(85)	(473)
Net profit for the period	314	385	368	192	1,259
Net profit attributable to minority interests	10	6	8	10	34
Net profit attributable to shareholders	304	379	360	182	1,225

	<i>2004</i>				
	<i>First quarter</i>	<i>Second quarter</i>	<i>Third quarter</i>	<i>Fourth quarter</i>	<i>Total</i>
Income					
Interest income	634	578	610	705	2,527
Insurance premiums	3,399	2,738	2,487	3,050	11,674
Dividend and other investment income	141	235	152	152	680
Share in result of associates and joint ventures	26	48	35	47	156
Realised capital gains (losses) on investments	282	59	61	267	669
Other realised and unrealised gains and losses	(8)	49	6	(23)	24
Fee and commission income	74	65	63	63	265
Income related to investments for unit-linked contracts	579	53	(50)	559	1,141
Other income	214	117	162	(172)	321
Total income	5,341	3,942	3,526	4,648	17,457
Expenses					
Interest expense	(171)	(64)	(113)	(191)	(539)
Insurance claims and benefits	(3,185)	(2,518)	(2,234)	(2,950)	(10,887)
Charges related to unit-linked contracts	(561)	(183)	(106)	(242)	(1,092)
Change in impairments	23	(63)	(57)	(75)	(172)
Fee and commission expense	(336)	(283)	(270)	(279)	(1,168)
Depreciation and amortisation of tangible and intangible assets	(37)	(38)	(41)	(36)	(152)
Staff expenses	(218)	(195)	(166)	(178)	(757)
Other expenses	(357)	(171)	(239)	(272)	(1,039)
Total expenses	(4,842)	(3,515)	(3,226)	(4,223)	(15,806)
Profit before taxation	499	427	300	425	1,651
Income tax expense	(93)	(118)	(58)	(100)	(369)
Net profit for the period	406	309	242	325	1,282
Net profit attributable to minority interests	3	3	4		10
Net profit attributable to shareholders	403	306	238	325	1,272

Part III

IFRS/FAP reconciliation

4 Impact of IFRS on the balance sheet, shareholders' equity and the income statement of Fortis

The Fortis financial statements for the year ended 31 December 2004 were drawn up in accordance with the applicable legal and regulatory requirements in Belgium. An overview of these accounting principles (Fortis Accounting Principles, FAP) is given in the Fortis financial statements for the year ended 31 December 2004. In order to facilitate comparison, Fortis has restated these consolidated financial statements in accordance with IFRS. This note provides further information about the impact of the transition to IFRS.

4.1 Reconciliation of shareholders' equity

The reconciliation of shareholders' equity under FAP and IFRS may be presented as follows:

	<i>31 December 2004</i>	<i>1 January 2004</i>
FAP net equity	14,365	11,894
Real estate	(1,549)	(1,606)
Financial instruments	1,809	1,037
Treasury shares	(215)	(231)
Fund for general banking risks	2,198	2,209
Pensions	(842)	(961)
Provisions	55	174
Insurance	(484)	(99)
IFRS shareholders' equity	15,337	12,417

Real estate

Under FAP real estate was recorded at fair value with changes in the carrying amount arising on revaluation recognised directly in shareholders' equity. Under IFRS Fortis measures its real estate at historical cost less depreciation and any impairment. Because of the reversal of the effects of revaluations and the recognition of depreciation and impairments, shareholders' equity as at 31 December 2004 decreased by EUR 1,549 million after taxes relative to shareholders' equity under FAP (1 January 2004: minus EUR 1,605 million).

Financial instruments

The main effects on the financial instruments are discussed below.

Debt securities

Under IFRS Fortis records most debt securities as 'available-for-sale', which are held at fair value with changes in fair value recognised directly in equity. This differs from the method used under FAP, according to which debt securities were carried at amortised cost.

This revaluation caused, shareholders' equity as on 31 December 2004 increased by EUR 3,544 million after taxes (1 January 2004: plus EUR 2,112 million).

Shares

Under IFRS shares that form part of the investment portfolio are valued at fair value and unrealised changes in fair value are recorded in shareholders' equity. Under IFRS impairments on shares are recognised in profit or loss.

In the past under FAP, Fortis used the portfolio approach, where unrealised changes in fair value were recorded directly in shareholders' equity as long as the fair value of the portfolio as a whole was higher than its cost. If the fair value of the portfolio fell below cost, then the changes in value were recognised in profit or loss. As the portfolio approach is no longer used and the impairment rules are now applied, shareholders' equity at 31 December 2004 decreased by EUR 116 million after taxes (1 January 2004: reduced by 126 million).

Derivatives

Under FAP derivatives held for risk management purposes were not recorded in the balance sheet, other than as accruals and deferrals. Under IFRS these derivatives must be recorded in the balance sheet at fair value. As a result, shareholders' equity as on 31 December 2004 is reduced by EUR 1,437 million after taxes (1 January 2004: minus EUR 727 million).

Other financial instruments

Fortis has made use of the 'fair value option', as a result of which certain amounts classified under amounts due from customers, amounts due to customers, debt certificates and subordinated liabilities are recorded at fair value through profit or loss. Consequently, shareholders' equity as of 31 December 2004 is reduced by EUR 106 million after taxes (1 January 2004: reduced by EUR 92 million).

Treasury shares

Under IFRS all Fortis shares and (embedded) derivatives on Fortis shares owned by Fortis must be deducted from or added to shareholders' equity.

Under FAP treasury shares that were held as an investment or for trading purposes were recorded as an asset. Under FAP the embedded derivatives on Fortis shares in the debt instruments issued by Fortis were not recorded.

Since treasury shares and derivatives on treasury shares are recorded via shareholders' equity, under IFRS, shareholders' equity, at 31 December 2004 decreased by EUR 215 million (1 January 2004: EUR 231 million). Deferred tax is not recognised in relation to treasury shares.

Fund for general banking risks

Unlike FAP, IFRS does not allow a fund for general banking risks. Therefore shareholders' equity increased by the balance of the fund (31 December 2004: EUR 2,198 million; 1 January 2004: EUR 2,209 million). No deferred tax is recognised in relation to the fund for general banking risks.

Pensions

Fortis has used the option provided under IFRS to add or charge pension-related actuarial gains and losses that have not yet been recognised in the income statement to shareholders' equity in full. As a result, shareholders' equity on 31 December 2004 is reduced by EUR 842 million after taxes (1 January 2004: minus EUR 961 million).

Provisions and insurance

Under FAP equalisation and catastrophe provisions were created for specific insurance risks. Such provisions are not allowed under IFRS.

Fortis uses the option provided by IFRS 4 to record revaluations of investments which are attributable to policyholders in the liabilities arising from insurance and investment contracts (shadow accounting).

As a result of the adoption of shadow accounting and the release of provisions, shareholders' equity on 31 December 2004 is reduced by EUR 484 million after taxes (1 January 2004: minus EUR 99 million).

4.2 Comparison of balance sheets under FAP and IFRS

The differences between the balance sheets under FAP and IFRS are as follows.

31 December 2004

	<i>FAP</i>	<i>IFRS</i>	<i>difference</i>
Assets			
Cash and cash equivalents	5,216	25,020	19,804
Assets held for trading	37,871	60,320	22,449
Due from banks	72,654	64,197	(8,457)
Due from customers	209,372	227,834	18,462
Investments	163,667	166,168	2,501
Unit-linked investments	18,703	16,853	(1,850)
Other assets	63,165	53,693	(9,472)
Total assets	570,648	614,085	43,437
Liabilities			
Liabilities held for trading		51,483	51,483
Due to banks	119,030	121,037	2,007
Due to customers	213,779	224,583	10,804
Liabilities arising from insurance and investment contracts	57,846	48,940	(8,906)
Liabilities related to unit-linked products	18,823	17,033	(1,790)
Debt certificates	51,943	71,777	19,834
Subordinated liabilities	12,271	13,345	1,074
Other borrowings		2,861	2,861
Accruals and other liabilities	81,134	47,349	(33,785)
Total liabilities	554,826	598,408	43,582
Shareholders' equity			
Shareholders' equity	14,365	15,337	972
Minority interests	1,457	340	(1,117)
Total equity	15,822	15,677	(145)
Total liabilities, minority interests and shareholders' equity	570,648	614,085	43,437

1 January 2004

	<i>FAP</i>	<i>IFRS</i>	<i>difference</i>
Assets			
Cash and cash equivalents	8,286	21,535	13,249
Assets held for trading	23,458	43,085	19,627
Due from banks	79,446	82,352	2,906
Due from customers	182,039	183,961	1,922
Investments	157,995	157,757	(238)
Unit-linked investments	19,946	19,427	(519)
Other assets	52,080	64,530	12,450
Total assets	523,250	572,647	49,397
Liabilities			
Liabilities held for trading		38,726	38,726
Due to banks	109,369	118,689	9,320
Due to customers	187,423	200,051	12,628
Liabilities arising from insurance and investment contracts	64,410	53,372	(11,038)
Liabilities related to unit-linked products	20,380	23,711	3,331
Debt certificates	52,279	68,384	16,105
Subordinated liabilities	11,173	10,157	(1,016)
Other borrowings		6,558	6,558
Accruals and other liabilities	64,201	40,011	(24,190)
Total liabilities	509,235	559,659	50,424
Shareholders' equity			
Shareholders' equity	11,894	12,418	524
Minority interests	2,121	570	(1,551)
Total equity	14,015	12,988	(1,027)
Total liabilities, minority interests and shareholders' equity	523,250	572,647	49,397

Increase in balance sheet total

The increase in balance sheet total under IFRS by a net total of EUR 43 billion as per 31 December 2004 is mainly attributable to:

- the recognition of risk management derivatives in the balance sheet at fair value as well as the recognition of transactions on the trade date instead of on the settlement date (impact: plus EUR 25 billion);
- the recognition of joint ventures based on the equity method instead of on the basis of proportional consolidation (impact: minus EUR 12 billion);
- the fact that under IFRS a number of Special Purpose Entities ('SPEs') must be included in the scope of consolidation (impact: plus EUR 23 billion);
- the more restricted rules for offsetting financial assets and liabilities. As a consequence, amounts due from customers and amounts due to customers have increased by approximately EUR 6 billion.

Further details about the main changes in the balance sheet items are set out below.

Cash and cash equivalents

The increase in cash and cash equivalents under IFRS is attributable to the fact that investments and amounts due from banks and customers originally payable within three months are recognised as cash. Under FAP these were recorded as part of the respective balance sheet items.

Due from customers/Due to customers

The increase in due from customers is mainly attributable to the consolidation of SPEs for securitised mortgages which were not consolidated under FAP, and the deconsolidation of joint ventures. This also results in an increase in debt certificates on the liabilities side of the balance sheet.

Assets held for trading and liabilities held for trading

The value of the assets held for trading has increased due to the reclassification of option premiums from Accrued interest and other assets to Assets held for trading and the recognition in the balance sheet of risk management derivatives.

Under FAP amounts owed as a result of trading positions were included in Other amounts payable. Under IFRS these amounts owed are recorded as liabilities held for trading. In addition to this reclassification, the recognition in the balance sheet of risk management derivatives has also contributed to an increase in this item.

Liabilities arising from insurance and investment contracts

The liabilities arising from insurance and investment contracts have decreased because joint ventures are no longer fully consolidated, pension insurances within the group have been eliminated and certain insurance contracts have been reclassified as investments contracts or administration contracts.

4.3 Reconciliation of the net result and the income statement

The following table shows the impact of the changeover from FAP to IFRS on the income statement and the net result of Fortis.

	<i>2004</i>
FAP net result	3,358
Depreciation on real estate	(104)
Financial instruments	(947)
Provisions	(74)
Treasury shares	(141)
Capital gain on sale of Assurant, Inc.	303
Other	(42)
IFRS net profit attributable to shareholders	2,353

Depreciation on real estate

Under IFRS Fortis values its real estate at the cost price minus depreciation and any impairment, while such depreciation and impairments are recorded in the income statement. Under FAP real estate was recorded at fair value and the unrealised revaluation was recognised in shareholders' equity. Consequently depreciation did not occur.

Financial instruments

The main effects on the financial instruments are discussed below.

Debt securities

Under IFRS Fortis values certain debt securities that are considered part of the trading portfolio at fair value. Consequently, changes in revaluations for these debt securities must be included in the realised and unrealised capital gains and losses. This increases the volatility in the income statement as compared with FAP.

Derivatives

As all derivatives (including the risk management derivatives that remained outside the balance sheet under FAP) are recorded in the balance sheet at fair value under IFRS, this results in a decrease in net profit by EUR 735 million. Under IFRS changes in the fair value of derivatives are included in realised and unrealised capital gains and losses.

Shares

Under FAP, shares were valued on the basis of the portfolio approach. If the value of the portfolio fell below cost price, the changes in fair value were recorded in the income statement.

Under IFRS, shares are valued at fair value and revaluations are recorded in shareholders' equity. Under IFRS, impairments on shares are recognised in the income statement.

During 2004 the fair value of the equity portfolio rose above cost price. Related to this rise, a relatively large positive result of some EUR 435 million at year end was recognised under FAP. Under IFRS, any revaluation of shares after impairment is recorded in shareholders' equity. On the other hand, however, under IFRS the gains realised upon the sale of shares are higher because for a number of shares the cost price under IFRS is lower than under FAP due to impairment.

Other financial instruments

Fortis takes advantage of the 'fair value option' under IFRS, as a result of which certain amounts due from customers, due to customers, debt certificates and subordinated liabilities are revalued through profit or loss.

Provisions

Under IFRS provisioning is subject to stricter rules than under FAP. As a result, under IFRS a number of provisions for expected costs and risks – including the equalisation and catastrophe provisions – have been released to equity.

The costs that were charged to these provisions in 2004 under FAP are included in the income statement under IFRS and consequently depress the result.

Treasury shares

Under FAP losses and gains arising from trading and investing in Fortis shares were recorded in the income statement as (un)realised gains and losses. Such treatment is not allowed under IFRS, and gains and losses on treasury shares must be recorded in shareholders' equity.

In addition, under IFRS the conversion element or option right on treasury shares included in convertible bonds must be valued separately at the time of issue and must be amortised over the term of maturity of the bond. The amortised part is included in the income statement under interest charges.

Capital gain on sale of Assurant, Inc.

Under FAP goodwill paid upon acquisitions was charged directly to shareholders' equity. If a subsidiary was sold within five years of being acquired, a time-weighted portion of the goodwill was added back to the cost, thus impacting the gain upon the sale of the company. Under IFRS, however, goodwill on acquisitions from 1 January 2004 on, must be capitalised and tested annually for impairment, while any impairment must be charged to the income statement.

Under the IFRS transition rules, Fortis opted to reset the accumulated translation reserves to zero. As a result, under IFRS the gain on the sale of part of the US insurance subsidiary Assurant, Inc. turned out higher than under FAP.

4.4 Comparison of the income statement under FAP and IFRS

	<i>2004</i>		
	<i>FAP</i>	<i>IFRS</i>	<i>difference</i>
Income			
Interest income	41,191	54,223	13,032
Insurance premiums	13,396	11,576	(1,820)
Realised and unrealised capital gains/losses	999	640	(359)
Fee and commission income, net	1,976	1,217	(759)
Income related to investments for unit-linked products	1,387	1,129	(258)
Other income	2,421	1,626	(795)
Total income	61,370	70,411	9,041
Expenses			
Interest expense	(34,349)	(47,966)	(13,617)
Insurance claims and benefits	(14,219)	(11,813)	2,406
Change in impairments	(264)	(380)	(116)
Operating expenses	(8,184)	(7,363)	821
Total expenses	(57,016)	(67,522)	(10,506)
Profit before taxation	4,354	2,889	(1,465)
Taxation	(900)	(510)	390
Net profit for the period	3,454	2,379	(1,075)
Net profit attributable to minority interests	96	26	(70)
Net profit attributable to shareholders	3,358	2,353	(1,005)

The main differences compared to 2004 are set out below.

Interest income and interest expense

Under IFRS interest income and interest expense are higher because interest income and expense related to trading derivatives are accounted for as interest instead of as results from financial transactions, as was the case under FAP. Under IFRS the interest margin for full year 2004 is EUR 586 million lower than under FAP, due to the deconsolidation of joint ventures and the reclassification of dividend on preferred shares from results from financial transactions to interest expenses and other income on certain lease contracts to interest income.

Insurance

Under IFRS the insurance premiums are for full year 2004 EUR 1,821 million lower because premiums related to insurance products which are now classified as investment contracts under IFRS are no longer included in the income statement (deposit accounting). Part of the decrease is also due to the deconsolidation of joint ventures.

Changes in insurance claims and benefits and charges related to unit-linked investments under IFRS comprise a decline due to the adoption of deposit accounting (under FAP premiums were recorded in the income statement, while under IFRS they are accounted for in the balance sheet) and the deconsolidation of a joint venture, and an increase as a result of the reclassification of claim handling costs to operational expenses.

Realised and unrealised gains and losses

Realised and unrealised gains and losses are for full year 2004 EUR 359 million lower because risk management derivatives are recognised in the income statement (while remaining outside the income statement under FAP) and because of the lower net gain on the sale/revaluation of shares.

The lower gain is due to the fact that under IFRS the unrealised recovery of the value of the shares up to the level of the cost price is recorded in shareholders' equity, while under FAP such adjustments were recognised in the income statement. On the other hand, the gain on the sale of shares is higher because under IFRS the cost price is lower and because of the reclassification of the results arising on the sale of subsidiaries from other revenues to realised and unrealised value adjustments, the higher gain under IFRS arising on the sale of subsidiaries due to a different treatment of goodwill and translation differences, and because of the reclassification of (net) interest expenses related to derivatives to the interest margin.

Net fee and commission income

Net fee and commission income decreases in 2004 by EUR 759 million. This is mainly due to the reclassification of the insurance's commission charges from operating expenses to net fee and commission income.

Other income

Other income is lower due to the reclassification of gains on the divestment of subsidiaries to Realised capital gains and losses and the reclassification under IFRS of income from lease contracts from Other income to Interest income. A number of lease contracts have been reclassified under IFRS from operating lease contracts to finance lease contracts.

Change in impairments

Under IFRS the changes in impairments are higher due to a different measurement method for shares. Under FAP a portfolio approach was used and all changes in fair value below the cost price were accounted for in the income statement. Under IFRS shares are valued on an individual basis and impairments on shares are recognised in the income statement. Any subsequent increase in fair value is accounted for under shareholders' equity.

Operating expenses

Under IFRS operating expenses are for full year 2004 EUR 820 million lower. This is due to, among other things:

- the reclassification of the insurers' commission charges to net commission income;
- the reclassification of claim handling charges from insurance claims to operational expenses;
- lower depreciation charges due to the reclassification of operating lease contracts as finance lease contracts;
- lower pension charges because deferred actuarial gains and losses are accounted for in IFRS as shareholders' equity as per 1 January 2004;
- the deconsolidation of joint ventures;
- the depreciation of land and buildings (under FAP depreciation did not occur).

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