

Fortis Statistical Review 1998 – 2007

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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 1998-2007 and of the income statement per quarter for the period 2005-2007.

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.

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):

FAP								IFRS				
<i>description</i>	<i>FAP</i>	<i>FAP</i>	<i>FAP</i>	<i>FAP</i>	<i>FAP</i>	<i>FAP</i>	<i>FAP</i>	<i>IFRS</i>	<i>IFRS</i>	<i>IFRS</i>	<i>IFRS</i>	<i>description</i>
<i>of lines</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>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.

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	2007
Per share data (in EUR)								
Earnings per share (EPS) ¹⁾	2.01	0.41	1.70	2.59	1.97	2.57	2.83	2.30
Dividend per share (DPS) ²⁾	0.88	0.88	0.92	1.04	0.87	0.97	1.17	1.18
Shareholders' equity per share	10.70	8.39	9.16	11.04	11.97	14.75	15.98	15.08
Stock exchange data								
Highest quotation ²⁾	36.19	29.10	17.80	20.63	17.27	22.73	28.05	29.59
Lowest quotation ²⁾	20.26	12.51	9.26	16.40	13.73	17.04	21.03	16.22
Year end quotation ²⁾	29.13	16.73	15.96	20.36	17.04	22.54	27.06	18.05
Price / earnings ratio	14.5	40.8	9.4	7.9	8.7	8.8	9.6	7.8
Price / equity ratio	2.7	2.0	1.7	1.8	1.7	1.8	2.0	1.2
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	2,366,595
- Treasury shares		(39,683)	(39,683)	(39,683)	(59,947)	(57,212)	(50,698)	(174,633)
At year end	1,293,566	1,295,380	1,298,200	1,301,104	1,280,840	1,283,610	1,292,117	2,191,962
- Average during the year ²⁾	1,293,282	1,294,417	1,295,387	1,298,288	1,525,213	1,532,521	1,539,973	1,735,985

As of 17-12-2001:

ISIN code BE0003801181

Euronext Brussels:

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) As of IFRS 2004 on an adjusted basis.

2 Fortis figures

2.1 Consolidated

2.1.1 Consolidated balance sheet

	<i>FAP</i>					
	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>
Assets						
Cash	3,675	3,660	6,110	5,094	4,485	8,286
Trading securities	7,112	9,899	13,363	19,447	14,518	23,458
Loans and advances to credit institutions	58,098	81,970	62,383	63,762	83,859	79,446
Loans and advances to customers	122,213	139,422	162,093	176,834	172,144	182,039
Investments	115,096	127,382	134,203	147,676	140,099	157,995
Investments on behalf of policyholders	11,201	16,210	22,013	23,567	18,391	19,946
Other assets	22,867	27,566	37,918	46,590	52,269	52,080
Total assets	340,262	406,109	438,083	482,970	485,765	523,250
Liabilities						
Amounts owed to credit institutions	81,114	116,992	94,174	96,337	96,548	109,368
Amounts owed to customers	125,164	134,963	145,752	179,687	177,635	187,423
Technical provisions	37,055	44,613	56,130	59,533	61,736	64,410
Liability related to investments on behalf of policyholders	10,913	15,824	21,690	23,085	18,563	20,380
Debt certificates	36,456	35,943	43,761	50,896	49,964	52,279
Subordinated liabilities	6,975	8,162	9,488	11,466	12,229	11,173
Other liabilities	30,296	33,621	49,732	45,989	55,988	64,202
Total liabilities	327,973	390,118	420,727	466,993	472,663	509,235
Equity						
- Share capital	365	398	428	6,085	6,280	6,293
- Share premium reserve	11,557	13,100	16,599	11,043	11,916	11,937
- Other reserves	5,255	6,796	8,442	10,176	9,168	8,576
- Net profit for the financial year	1,862	2,316	2,768	2,598	532	2,197
- Revaluation reserve	3,331	3,933	2,794	549		
- Goodwill	(11,107)	(13,035)	(15,834)	(16,607)	(17,025)	(17,109)
Net equity	11,263	13,508	15,197	13,844	10,871	11,894
Minority interest in group equity	1,026	2,483	2,159	2,133	2,231	2,121
Group equity	12,289	15,991	17,356	15,977	13,102	14,015
Total liabilities	340,262	406,109	438,083	482,970	485,765	523,250

2004	IFRS				
	2004	2005	2006	2007	
					Assets
5,216	25,020	21,822	20,413	26,360	Cash and cash equivalents
37,871	60,320	62,705	70,215	74,800	Assets held for trading
72,654	64,197	81,002	90,131	119,036	Due from banks
209,372	227,834	280,759	286,459	316,308	Due from customers
					Investments:
	4,721	4,670	4,505	4,234	- Held to maturity
	153,543	179,020	186,428	164,089	- Available for sale
	3,391	5,127	6,600	6,193	- Held at fair value through profit or loss
	2,304	2,546	3,047	3,656	- Investment property
	2,209	1,706	1,854	28,108	- Associates and joint ventures
163,667	166,168	193,069	202,434	206,280	Total investments
18,703	16,853	25,667	28,749	31,120	Investments related to unit-linked contracts
63,165	53,693	63,970	76,828	97,275	Other assets
570,648	614,085	728,994	775,229	871,179	Total assets
					Liabilities
	51,483	50,562	64,308	89,589	Liabilities held for trading
119,030	121,037	175,183	177,481	192,431	Due to banks
213,779	224,583	252,603	254,225	262,298	Due to customers
57,846	48,940	56,109	59,764	64,732	Liabilities arising from insurance and investment contracts
18,823	17,033	26,151	29,156	31,788	Liabilities related to unit-linked contracts
51,943	71,777	83,727	95,719	102,073	Debt certificates
12,271	13,345	13,757	15,375	21,925	Subordinated liabilities
81,134	50,210	51,246	57,650	72,149	Other liabilities
554,826	598,408	709,338	753,678	836,985	Total liabilities
					Equity
6,307	6,307	6,307	6,316	10,948	- Share capital
11,973	11,708	11,718	11,783	22,843	- Share premium reserve
9,701	(8,722)	(8,184)	(5,835)	(5,340)	- Other reserves
3,358	2,353	3,941	4,351	3,994	- Net profit attributable to shareholders
	3,691	5,147	4,029	602	- Unrealised gains and losses
(16,974)					
14,365	15,337	18,929	20,644	33,047	Shareholders' equity
1,457	340	727	907	1,147	Minority interests
15,822	15,677	19,656	21,551	34,194	Total equity
570,648	614,085	728,994	775,229	871,179	Total liabilities and equity

2.1.2 Exchange rates at year end

	1998	1999	2000	2001	2002	2003
1 euro =						
USD	1.17	1.00	0.93	0.88	1.05	1.26
GBP	0.71	0.62	0.62	0.61	0.65	0.70

2.1.3 Assets under management

	<i>FAP</i>					
	1998	1999	2000	2001	2002	2003
Investments for own account						
- Banking	79,994	85,426	84,099	96,867	89,979	103,800
- Insurance	34,884	41,618	49,650	50,487	49,999	54,093
Total investments for own account ¹⁾	115,096	127,382	134,203	147,676	140,099	157,995
Investments on behalf of policyholders	11,201	16,210	22,013	23,567	18,391	19,946
Funds under management	115,758	134,615	157,630	144,863	131,327	128,019
Total assets under management	242,055	278,207	313,846	316,106	289,817	305,960

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

2004	2005	2006	2007	
1.36	1.18	1.32	1.47	1 euro =
0.71	0.69	0.67	0.73	USD
	1.60	1.87	1.72	GBP
				TRY
139.70	139.07	156.84	164.58	JPY

2004	IFRS 2004	2005	2006	2007	
108,566	118,541	135,314	137,777	141,392	Investments for own account
55,089	48,151	57,791	64,349	66,730	Banking
	(524)	(36)	308	(1,842)	Insurance
163,667	166,168	193,069	202,434	206,280	General (incl. eliminations)
					Total investments for own account
18,703	16,853	25,667	28,749	31,120	Investments related to unit-linked contracts
139,566	124,011	164,494	190,634	207,831	Funds under management
321,936	307,032	383,230	421,817	445,231	Total assets under management

2.1.4 Consolidated income statement

	1998	1999	2000	2001	2002	2003
Income						
Interest income	19,747	20,822	25,713	23,765	26,353	26,692
Insurance premiums	9,981	12,527	15,784	18,162	18,495	18,142
Result from financial transactions	3,603	3,085	738	(873)	(4,370)	1,755
Fee and commission income	2,041	2,251	2,694	2,561	2,360	2,295
Other income	1,943	2,665	3,028	2,768	2,813	2,577
Total income	37,315	41,350	47,957	46,383	45,651	51,461
Expenses						
Interest expense	(13,944)	(14,706)	(19,403)	(16,914)	(19,477)	(19,851)
Technical charges	(11,715)	(13,797)	(13,463)	(13,440)	(12,896)	(16,952)
Value adjustments	(872)	(547)	(462)	(626)	(791)	(784)
Fee and commission expense	(381)	(419)	(529)	(583)	(503)	(496)
Operating expenses	(7,973)	(8,489)	(9,965)	(11,127)	(10,514)	(10,463)
Total expenses	(34,885)	(37,958)	(43,822)	(42,690)	(44,181)	(48,546)
Profit before taxation	2,430	3,392	4,135	3,693	1,470	2,915
Taxation	(413)	(893)	(1,150)	(918)	(764)	(574)
Net profit for the period	2,017	2,499	2,985	2,775	706	2,341
Net profit before minority interests	2,017	2,499	2,985	2,775	706	2,341
Minority interest	155	183	217	177	174	144
Net profit	1,862	2,316	2,768	2,598	532	2,197

	IFRS				
2004	2004	2005	2006	2007	
					Income
41,191	54,223	66,845	72,583	94,869	Interest income
13,396	11,576	12,919	13,984	14,934	Insurance premiums
	845	918	996	1,086	Dividend and other investment income
	147	97	137	359	Share in result of associates and joint ventures
	1,580	1,642	1,137	2,133	Realised capital gains (losses) on investments
	(940)	878	1,362	1,176	Other realised and unrealised gains and losses
2,350					
2,536	2,733	3,124	3,734	4,400	Fee and commission income
	1,129	3,224	1,929	648	Income related to investments for unit-linked contracts
2,457	577	712	679	852	Other income
61,930	71,870	90,359	96,541	120,457	Total income
					Expenses
(34,349)	(47,966)	(60,227)	(65,121)	(87,354)	Interest expense
	(10,721)	(11,788)	(13,151)	(14,075)	Insurance claims and benefits
	(1,092)	(3,709)	(2,374)	(1,426)	Charges related to unit-linked contracts
(14,219)					
(264)	(380)	(235)	(194)	(3,042)	Change in impairments
(560)	(1,516)	(1,615)	(1,922)	(2,344)	Fee and commission expense
(8,184)	(7,363)	(7,695)	(8,397)	(9,390)	Operating expenses
(57,576)	(69,038)	(85,269)	(91,159)	(117,631)	Total expenses
4,354	2,832	5,090	5,382	2,826	Profit before taxation
(900)	(510)	(1,164)	(1,030)	235	Income tax expense
3,454	2,322	3,926	4,352	3,061	Net profit for the period
	57	60	61	1,013	Net gain on discontinued operations
3,454	2,379	3,986	4,413	4,074	Net profit before minority interests
96	26	45	62	80	Net profit attributable to minority interests
3,358	2,353	3,941	4,351	3,994	Net profit attributable to shareholders

2.1.5 Average exchange rates

	1998	1999	2000	2001	2002	2003
1 euro =						
USD	1.12	1.07	0.92	0.90	0.94	1.13
GBP	0.68	0.66	0.61	0.62	0.63	0.69

2004	2005	2006	2007
			1 euro =
1.24	1.24	1.26	1.37 USD
0.68	0.68	0.68	0.68 GBP
	1.62	1.81	1.79 TRY
134.32	136.81	146.01	161.29 JPY

2.1.6 Shareholders' equity roll forward

	<i>FAP</i>					
	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>
Balance at 1 January	8,987	11,263	13,508	15,197	13,844	10,871
Effect of changes in accounting policies						
Net profit	1,862	2,316	2,768	2,598	532	2,197
Revaluation and reversals of revaluations of investments and taxation on these	478	652	(1,066)	(2,277)	(1,533)	199
Translation differences	3	228	109	95	(300)	(211)
Other non-owner changes in equity						
Total non-owner changes in equity	2,343	3,196	1,811	416	(1,301)	2,185
Dividend	(282)	(681)	(931)	(1,138)	(1,137)	(1,136)
Issuance of share capital, net of transaction costs	938	1,708	3,681	110	37	34
Goodwill	(783)	(1,928)	(2,799)	(773)	(418)	(84)
Other changes in net equity	60	(50)	(73)	32	(154)	24
Balance at 31 December	11,263	13,508	15,197	13,844	10,871	11,894

2.1.7 Shareholders' equity by activity at year end

	<i>FAP</i>					
	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>
Banking	6,773	7,401	8,696	8,907	8,253	8,665
Insurance	7,347	8,464	8,090	7,086	5,530	6,482
General (incl. eliminations)	(2,857)	(2,357)	(1,589)	(2,149)	(2,912)	(3,253)
Total shareholders' equity	11,263	13,508	15,197	13,844	10,871	11,894

2.1.8 Market capitalization

	<i>FAP</i>					
	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>
Fortis	37,612	42,173	44,646	37,682	21,672	20,719

	<i>IFRS</i>					
<i>2004</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>		
11,894	12,417	15,337	18,929	20,644	Balance at 1 January	
3,358	2,353	3,941	4,351	3,994	Net profit for the period	
250	1,550	1,402	(1,103)	(3,446)	Revaluation of investments	
(16)	(95)	130	(183)	1	Foreign exchange differences	
		65	(20)	3	Other non-owner changes in equity	
3,592	3,808	5,538	3,045	552	Total non-owner changes in equity	
(1,193)	(1,178)	(2,012)	(1,574)	(1,971)	Dividend	
46	54	10	74	15,756	Increase of capital	
	236	56	170	(2,279)	Treasury shares	
135				409	Equity component subordinated liabilities	
(109)				(64)	Other changes in equity	
14,365	15,337	18,929	20,644	33,047	Balance at 31 December	

	<i>IFRS</i>					
<i>2004</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>		
9,702	10,879	12,975	16,666	33,304	Banking	
6,969	7,105	7,713	8,363	7,158	Insurance	
(2,306)	(2,647)	(1,759)	(4,385)	(7,415)	General (incl. eliminations)	
14,365	15,337	18,929	20,644	33,047	Total shareholders' equity	

	<i>IFRS</i>					
<i>2004</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>		
26,491	26,078	34,555	41,761	39,565	Fortis	

2.1.9 Solvency at year end

	<i>FAP</i>					
	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>
Solvency margin Insurance activity	5,367	7,338	8,422	6,975	5,773	6,455
Tier 1 ratio Banking activity	7.7%	7.6%	7.3%	8.5%	8.2%	7.9%
Total capital ratio Banking activity	10.9%	12.2%	11.8%	13.5%	13.0%	12.4%

2.1.10 Return on equity

	<i>FAP</i>					
	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>
In %	16.4	18.7	20.0	17.9	4.3	19.3

2.1.11 Net profit attributable to shareholders

	<i>FAP</i>					
	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>
Banking	1,102	1,185	1,506	1,204	1,293	1,495
Insurance	667	1,289	1,484	1,577	(687)	898
General (incl. eliminations)	93	(158)	(222)	(183)	(74)	(196)
Net profit	1,862	2,316	2,768	2,598	532	2,197

2.1.12 Investments

	<i>FAP</i>					
	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>
Land and buildings	4,848	5,192	5,679	5,840	6,558	6,629
Shares	11,019	13,109	16,078	14,167	9,905	7,257
Debt securities	93,058	102,148	108,825	125,871	121,468	143,487
Other investments	6,171	6,933	3,621	1,798	2,168	622
Total investments	115,096	127,382	134,203	147,676	140,099	157,995

	IFRS					
2004	2004	2005	2006	2007		
4,993	3,155	3,395	3,689	4,108	Regulatory solvency requirements	Insurance
8.3%	8.3%	7.4%	7.1%	9.5%	Tier 1 ratio	Banking activity
12.3%	11.6%	10.5%	11.1%	10.1%	Total capital ratio	Banking activity

	IFRS					
2004	2004	2005	2006	2007		
25.6	17.0	20.4	22.0	17.1	In %	

	IFRS					
2004	2004	2005	2006	2007		
1,855	965	2,434	3,149	1,768	Banking	
1,600	1,272	1,225	1,420	2,534	Insurance	
(97)	116	282	(218)	(308)	General (incl. eliminations)	
3,358	2,353	3,941	4,351	3,994	Net profit attributable to shareholders	

2004	2004	2005	2006	2007		
6,598	2,304	2,546	3,047	3,656	Land and buildings	
7,902	8,372	11,927	14,886	15,032	Shares	
148,452	152,149	174,978	181,313	158,319	Debt securities	
715	3,343	3,618	3,188	29,273	Other investments	
163,667	166,168	193,069	202,434	206,280	Total investments	
					Investments:	
	4,721	4,670	4,505	4,234	- Held to maturity	
	154,098	179,454	186,752	166,916	- Available for sale	
	3,391	5,127	6,600	6,193	- Held at fair value through profit or loss	
	2,360	2,612	3,109	3,722	- Investment property	
	2,209	1,706	1,854	28,108	- Associates and joint ventures	
	166,779	193,569	202,820	209,173	Total, gross	
	(611)	(500)	(386)	(2,893)	Impairments	
	166,168	193,069	202,434	206,280	Total investments	

2.1.13 Due from customers

	<i>FAP</i>					
	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>
Banking:						
- Public sector	6,383	3,076	4,803	5,965	4,775	4,534
- Private sector: Retail						
- Secured by mortgages	29,804	33,815	40,006	42,013	44,924	55,857
- Other receivables	15,826	21,977	22,759	9,063	8,497	8,534
- Private sector: Corporate						
- Guaranteed by government authorities	5,628	6,157	5,057	2,325	660	671
- Other receivables	57,780	67,326	77,215	104,723	99,735	104,806
Total	115,421	132,351	149,840	164,089	158,591	174,402
Insurance:						
Mortgage loans	4,840	5,023	8,138	9,754	10,728	5,399
Private loans	1,705	2,298	6,082	5,730	5,136	4,695
Other loans	437	496	617	638	666	564
Total	6,982	7,817	14,837	16,122	16,530	10,658
General (incl. eliminations)	(190)	(746)	(2,584)	(3,377)	(2,977)	(3,021)
Total loan portfolio	122,213	139,422	162,093	176,834	172,144	182,039

	IFRS					
2004	2004	2005	2006	2007		
5,562	5,975	7,781	5,313	5,343	Banking:	Government and official institutions
59,391	72,407	80,098	89,322	95,445		Residential mortgage
8,267	8,815	9,431	10,226	9,774		Consumer loans
	77,566	93,646	110,650	138,696		Commercial loans
846	36,935	61,074	37,649	28,186		Reverse repurchase agreements
132,335	18,191	17,307	22,091	24,279		Securities borrowing transactions
	6,342	7,825	10,000	11,969		Financial lease receivables
	1,896	3,071	2,827	3,611		Other
206,401	228,127	280,233	288,078	317,303		Total
	(2,620)	(2,371)	(2,201)	(2,002)		Impairments
	225,507	277,862	285,877	315,301		Due from customers
					Insurance:	
	678	573	463	436		Government and official institutions
4,453	4,472	4,463	4,228	3,931		Residential mortgage
3,316	228	387	172	13		Consumer loans
	1,765	1,662	1,760	1,870		Commercial loans
	122	119	116	142		Policyholder loans
505	536	513	491	472		Other
8,274	7,801	7,717	7,230	6,864		Total
	(71)	(85)	(69)	(40)		Impairments
	7,730	7,632	7,161	6,824		Due from customers
(5,303)	(5,403)	(4,735)	(6,579)	(5,817)		General (incl. eliminations)
209,372	227,834	280,759	286,459	316,308		Due from customers

2.1.14 Composition of total income

	FAP					
	1998	1999	2000	2001	2002	2003
Banking:						
Interest income	17,697	18,589	23,301	20,819	23,373	23,751
Interest expense	(13,667)	(14,419)	(19,145)	(16,415)	(18,961)	(19,371)
Net interest income	4,030	4,170	4,156	4,404	4,412	4,380
Fee and commission income	2,041	2,250	2,693	2,561	2,360	2,295
Fee and commission expense	(381)	(412)	(529)	(583)	(499)	(493)
Net fee and commission income	1,660	1,838	2,164	1,978	1,861	1,802
Result from financial transactions	1,437	704	1,124	1,093	791	1,018
Other income	505	678	678	897	799	750
Total income, net of interest expense	7,632	7,390	8,122	8,372	7,863	7,950
Insurance:						
Interest income	2,129	2,276	2,533	3,159	3,291	3,468
Insurance premiums	9,981	12,527	15,784	18,162	18,495	18,142
Result from financial transactions	1,893	2,378	(386)	(1,966)	(5,241)	745
Other income	1,356	1,929	2,339	1,854	2,002	1,826
Total income	15,359	19,110	20,270	21,209	18,547	24,181
Interest expense	(141)	(201)	(314)	(688)	(749)	(884)
Total income, net of interest expense	15,218	18,909	19,956	20,521	17,798	23,297
General (incl. eliminations)	141	(74)	(53)	(7)	10	(132)
Total income, net of interest expense	22,991	26,225	28,025	28,886	25,671	31,115

	IFRS				
2004	2004	2005	2006	2007	
38,878	52,353	64,695	70,197	92,653	Banking:
(34,291)	(47,827)	(60,042)	(65,111)	(87,386)	Interest income
4,587	4,526	4,653	5,086	5,267	Interest expense
					Net interest income
2,536	2,634	2,894	3,584	4,243	Fee and commission income
(558)	(515)	(604)	(820)	(1,178)	Fee and commission expense
1,978	2,119	2,290	2,764	3,065	Net fee and commission income
	16	13	12	9	Insurance premiums
	178	188	200	226	Dividend and other investment income
	47	71	87	282	Share in result of associates and joint ventures
	516	712	576	881	Realised capital gains (losses) on investments
	(914)	805	1,339	1,278	Other realised and unrealised gains and losses
696					
880	244	259	260	303	Other income
8,141	6,732	8,991	10,324	11,311	Total income, net of interest expense
					Insurance:
2,792	2,527	2,703	3,167	3,512	Interest income
13,396	11,674	12,980	14,049	15,021	Insurance premiums
	680	736	796	876	Dividend and other investment income
	99	23	51	94	Share in result of associates and joint ventures
	669	493	576	1,227	Realised capital gains (losses) on investments
	24	16	(17)	(206)	Other realised and unrealised gains and losses
1,575					
	265	415	478	545	Fee and commission income
	1,141	3,255	1,949	626	Income related to investments for united-linked contracts
1,582	321	481	519	688	Other income
19,345	17,400	21,102	21,568	22,383	Total income
(420)	(539)	(505)	(565)	(851)	Interest expense
	(1,168)	(1,196)	(1,430)	(1,535)	Fee and commission expense
18,925	15,693	19,401	19,573	19,997	Total income, net of interest expense
(44)	(37)	125	(399)	(549)	General (incl. eliminations)
27,022	22,388	28,517	29,498	30,759	Total income, net of interest expense

2.1.15 Employees

	1998	1999	2000	2001	2002	2003
Average FTE's						
Benelux	44,241	42,934	42,812	45,304	44,052	42,210
United States	7,649	9,739	10,252	10,959	12,046	12,391
Other	7,591	8,436	9,817	9,947	9,891	9,853
Total	59,481	61,109	62,881	66,210	65,989	64,454

	2004	2005	2006	2007	
					FTE's at year end
39,244	37,814	38,169	40,351		Benelux
8,123	14,736	16,481	18,614		Other European countries
653	780	1,016	1,078		North America
795	872	1,177	1,643		Asia
44	43	43	323		Other countries
48,859	54,245	56,886	62,009		Total

2.2 Banking

2.2.1 Profit before taxation

	<i>FAP</i>					
	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>
Belgium	1,165	916	1,022	798	990	694
The Netherlands	362	494	580	273	307	408
Luxembourg	125	350	350	441	398	361
Benelux	1,652	1,760	1,952	1,512	1,695	1,463
United States	20	13	23	88	(96)	40
Rest of the world	234	169	357	398	310	391
Operating result before taxation	1,906	1,942	2,332	1,998	1,909	1,894

2.2.2 Specification of net fee and commission income

	<i>FAP</i>					
	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>
Commission income:						
- Issuance	137	171	186	89	65	49
- Securities transactions	571	608	780	598	519	473
- Insurance	164	162	166	148	140	154
- Asset management	416	503	650	757	675	638
- Payment services	204	243	294	338	346	372
- Miscellaneous	549	563	617	631	615	609
Total commission income	2,041	2,250	2,693	2,561	2,360	2,295
Commission paid	381	412	529	583	499	493
Net commission income	1,660	1,838	2,164	1,978	1,861	1,802

2004	IFRS			New segments		
	2004	2005	2006	2006	2007	
				1,349	1,311	Retail Banking Network
				122	143	Retail Banking Asset Management
501	614	1,306	1,514			Retail Banking (till 2006)
				1,195	1,569	Merchant & Private Banking Clients
				1,186	(1,754)	Merchant & Private Banking Skills
882	147	1,089	1,431			Merchant Banking (till 2006)
503	558	646	865			Commercial & Private Banking (till 2006)
				(1)	154	Other Banking
	(139)	138	41			Other Banking (till 2006)
1,886						
48						
729						
2,663	1,180	3,179	3,851	3,851	1,423	Profit before taxation

2004	IFRS			2007	
	2004	2005	2006		
67					Fee and commission income
485	704	716	926	1,197	Securities and custodian services
172	175	176	275	307	Reinsurance commissions and insurance and investment fees
763	814	958	1,236	1,460	Asset management
383	605	619	650	717	Payment services
666					
	189	232	289	291	Guarantees and commitment fees
	147	193	208	271	Other service fees
2,536	2,634	2,894	3,584	4,243	Total fee and commission income
					Fee and commission expenses
	126	131	224	335	Securities
	141	152	163	188	Intermediaries
	98	91	193	278	Asset management fees
	107	133	151	170	Payment services
	7	10	10	14	Custodian fees
	36	87	79	193	Other fee and commission expenses
558	515	604	820	1,178	Total fee and commission expenses
1,978	2,119	2,290	2,764	3,065	Net fee and commission income

2.2.3 Specification of realised and unrealised gains and losses

	<i>FAP</i>					
	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>
Realised capital gains and losses	983	437	495	431	366	443
Subsidiaries, associates and joint ventures				(7)	1	16
Realised capital gains and losses	983	437	495	424	367	459
Profit / loss on financial instruments	59	58	75	358	228	(218)
Exchange rate transactions	240	132	235	167	242	249
Other	155	77	220	54	(26)	362
	454	267	530	579	444	393
Total result from financial transactions	1,437	704	1,025	1,003	811	852

2.2.4 Cost/income ratio

	<i>FAP</i>					
	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>
Belgium	66.6	72.5	71.2	69.4	67.2	71.4
The Netherlands	73.9	68.7	67.6	71.9	78.5	69.4
Luxembourg	34.6	39.4	55.2	65.0	48.1	49.1
Benelux		66.7	66.7	69.7	67.9	68.1
United States	36.1	24.7	36.5	50.5	47.1	52.9
Rest of the world	57.4	69.7	58.8	64.7	64.5	61.6

2004	IFRS			2007
	2004	2005	2006	
439	397	530	76	98 Debt securities
	55	90	375	645 Equity securities
	22	54	21	83 Real estate
39	41	36	104	53 Subsidiaries, associates and joint ventures
	1	2		2 Other
478	516	712	576	881 Realised capital gains (losses) on investments
(688)	(1,139)	475	967	919 Assets/liabilities held for trading
287	80	220	140	165 Assets and liabilities held at fair value through profit or loss
536	17	199	272	173 Hedging results
	128	(89)	(40)	21 Other
135	(914)	805	1,339	1,278 Other realised and unrealised gains and losses
613	(398)	1,517	1,915	2,159 Total realised and unrealised gains and losses

2004	IFRS			New segments	
	2004	2005	2006	2006	2007
77.8	77.6	65.8	65.4	66.0 Retail Banking Network	
				66.3 Retail Banking Asset management	
					Retail Banking (till 2006)
	86.5	57.5	52.1	54.8 Merchant & Private Banking	
58.6	64.2	61.7	60.0		Merchant Banking (till 2006)
42.1	79.4	62.3	60.8		Commercial & Private Banking (till 2006)
65.9				60.8	61.9 Total Banking
78.4					
56.6					

2.3 Insurance

2.3.1 Gross premiums Life insurance

	FAP					
	1998	1999	2000	2001	2002	2003
Belgium						
Gross written premiums	2,916	3,313	4,488	3,694	3,394	4,033
Gross inflow	2,916	3,313	4,488	3,694	3,394	4,033
The Netherlands						
Gross written premiums	1,731	1,467	1,566	3,457	3,109	2,982
Gross inflow	1,731	1,467	1,566	3,457	3,109	2,982
Luxembourg						
Gross written premiums	181	170	277	455	495	653
Gross inflow	181	170	277	455	495	653
United States						
Gross written premiums	879	1,205	1,773	1,672	901	729
Gross inflow	879	1,205	1,773	1,672	901	729
Rest of the world						
Gross written premiums	760	1,302	1,629	1,404	1,855	1,134
Gross inflow	760	1,302	1,629	1,404	1,855	1,134
Total Insurance						
Gross written premiums	6,467	7,457	9,733	10,682	9,754	9,531
Gross inflow	6,467	7,457	9,733	10,682	9,754	9,531

	IFRS				
2004	2004	2005	2006	2007	
					Insurance Belgium
4,281	3,669	4,139	4,353	4,969	Premium inflow recognised in income statement
	630	1,141	1,121	1,180	Premium inflow deposit accounting
4,281	4,299	5,280	5,474	6,149	Total premium inflow Life insurance
					Insurance Netherlands
2,808	2,542	2,635	3,437	3,108	Premium inflow recognised in income statement
					Premium inflow deposit accounting
2,808	2,542	2,635	3,437	3,108	Total premium inflow Life insurance
					Insurance International
864	398	1,482	1,357	1,611	Premium inflow recognised in income statement
	825	2,084	1,857	2,301	Premium inflow deposit accounting
864	1,223	3,566	3,214	3,912	Total premium inflow Life insurance
59					
59					
1,078					
1,078					
					Total Insurance
9,090	6,609	8,256	9,147	9,688	Premium inflow recognised in income statement
	1,455	3,225	2,978	3,481	Premium inflow deposit accounting
9,090	8,064	11,481	12,125	13,169	Total premium inflow Life insurance

2.3.2 Gross premiums Non-life insurance

	FAP					
	1998	1999	2000	2001	2002	2003
Belgium						
- Accident & Health	240	253	258	271	295	309
- Motor	249	256	278	292	319	342
- Fire and other damages	309	314	309	325	369	397
- Other lines	165	158	169	173	205	225
The Netherlands						
- Accident & Health	100	119	131	795	898	945
- Motor	181	202	213	469	488	516
- Fire and other damages	209	208	211	323	357	383
- Other lines	138	152	158	328	383	419
Luxembourg						
- Accident & Health					1	1
- Motor						
- Fire and other damages	9	9	10	10	10	11
- Other lines	3	4	4	4	5	5
United States						
- Accident & Health	1,823	2,696	3,166	3,117	3,356	2,976
- Motor						
- Other lines	673	1,837	3,755	3,805	4,081	3,645
Rest of the world						
- Accident & Health	108	117	58	57	64	78
- Motor	382	522	688	684	713	684
- Fire and other damages	108	148	180	192	227	247
- Other lines	58	82	105	87	87	103
Total gross written premiums Non-life	4,755	7,077	9,693	10,932	11,858	11,286

	<i>IFRS</i>				
<i>2004</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	
309	309	331	366	393	Insurance Belgium
365	791	833	904	975	- Accident & Health
392					- Property & Casualty
264					
					Insurance Netherlands
1,069	1,064	993	965	1,131	- Accident & Health
517	1,024	976	978	980	- Property & Casualty
391					
440					
					Insurance International
1	63	174	209	203	- Accident & Health
	1,385	1,468	1,611	1,801	- Property & Casualty
11					
6					
226					
277					
64					
553					
205					
86					
5,176	4,636	4,775	5,033	5,483	Total gross written premiums Non-life Insurance

2.3.3 Technical result

	<i>FAP</i>					
	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>
Belgium						
Life	211	239	318	334	373	414
Non-life	28	38	63	86	104	199
- Accident & Health	24	24	22	38	40	60
- Motor	(15)	1	7	3	27	68
- Fire and other damages	20	15	27	24	29	59
- Other lines	(1)	(2)	7	21	8	12
The Netherlands						
Life	156	155	169	231	279	265
Non-life	5	12	(10)	54	50	56
- Accident & Health	1	15	19	37	69	91
- Motor	(1)	(8)	(23)		(14)	(24)
- Fire and other damages	4	3	(10)	9	2	10
- Other lines	1	2	4	8	(7)	(21)
Luxembourg						
Life	2	2	(14)	4	7	2
Non-life	1	2		3	2	1
- Accident & Health						
- Motor						
- Fire and other damages	1		1	3	1	1
- Other lines		2	(1)		1	
United States						
Life	85	128	194	155	167	118
Non-life	3	65	212	280	300	283
- Accident & Health	(32)	25	30	140	180	185
- Motor						
- Other lines	35	40	182	140	120	98
Rest of the world						
Life	29	14	23	31	(9)	22
Non-life	24	21	50	69	77	78
- Accident and Health	8	6	8	3	6	4
- Motor	9	9	29	54	81	56
- Fire and other damages	(1)		6	2	(8)	7
- Other lines	8	6	7	10	(2)	11
Life	483	538	690	755	817	821
Non-life	61	138	315	492	533	617
Total technical result	544	676	1,005	1,247	1,350	1,438

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.

2004	IFRS 2004	2005	2006	2007	
					Insurance Belgium
429	335	398	324	242	Life
185	127	139	129	118	Non-life
36	27	47	39	50	- Accident & Health
78	59	62	54	54	- Motor
53	36	29	30	5	- Fire and other damage to property
18	5	1	6	9	- Other
					Insurance Netherlands
290	263	293	276	(86)	Life
184	165	223	272	199	Non-life
135	138	146	192	169	- Accident & Health
1	14	18	38	22	- Motor
54	22	39	27	3	- Fire and other damage to property
(6)	(9)	20	15	5	- Other
					Insurance International
8	(21)		38	74	Life
1	97	175	172	2	Non-life
	4	16	12	13	- Accident & Health
	31	53	57	(8)	- Motor
2	59	67	65	(43)	- Fire and other damage to property
(1)	3	39	38	40	- Other
4					
22					
10					
12					
7					
74					
2					
42					
26					
4					
738	577	691	638	230	Life
466	389	537	573	319	Non-life
	22				Other insurance
1,204	988	1,228	1,211	549	Total technical result

2.3.4 Profit before taxation

	<i>FAP</i>					
	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>
Belgium	385	469	597	554	231	196
The Netherlands	260	393	558	676	273	(171)
Luxembourg	5	8	(1)	8	10	(5)
Benelux	650	870	1,154	1,238	514	20
United States	146	324	459	300	432	442
Rest of the world	108	77	155	129	(95)	121
Operating result before taxation	904	1,271	1,768	1,667	851	583

	<i>IFRS</i>				
<i>2004</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	
677	665	685	698	566	Insurance Belgium
529	610	751	810	1,016	Insurance Netherlands
12	107	236	282	192	Insurance International
1,218	212			(6)	Other
131					
111					
1,460	1,594	1,672	1,790	1,768	Profit before taxation

2.3.5 Ratios Non-life insurance

	<i>FAP</i>					
	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>
Belgium						
Accident & Health						
- Claims ratio	85.9	81.8	84.3	78.8	80.2	76.2
- Expense ratio	24.0	26.9	24.7	24.7	24.8	24.0
Motor						
- Claims ratio	76.7	69.3	68.6	70.0	63.4	55.4
- Expense ratio	44.1	44.9	42.2	40.0	39.9	36.0
Fire						
- Claims ratio	47.1	46.1	46.4	47.3	56.3	38.4
- Expense ratio	51.2	53.1	50.8	49.8	46.5	46.1
Other lines						
- Claims ratio	70.2	84.7	61.9	49.9	66.5	64.5
- Expense ratio	46.3	53.0	53.0	48.5	45.0	44.6
The Netherlands						
Accident & Health						
- Claims ratio	73.4	64.1	64.1	71.3	69.7	66.7
- Expense ratio	28.7	33.3	29.9	27.4	26.7	24.6
Motor						
- Claims ratio	68.7	72.1	77.4	68.0	71.5	70.4
- Expense ratio	40.9	40.1	40.7	37.9	37.4	36.6
Fire						
- Claims ratio	50.9	48.2	58.3	47.6	55.9	52.0
- Expense ratio	49.5	53.7	50.9	50.4	47.7	47.3
Other lines						
- Claims ratio	58.8	62.8	62.1	58.3	62.1	68.1
- Expense ratio	51.0	43.5	43.2	46.6	43.4	40.4

	<i>IFRS</i>				
<i>2004</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	
					Insurance Belgium
					Non-life insurance:
84.1	61.0	60.2	61.6	63.7	Claims ratio
24.9	37.4	36.9	37.4	36.7	Expense ratio
	98.4	97.1	99.0	100.4	Combined ratio
50.7					
36.9					
43.0					
44.9					
65.4					
41.9					
					Insurance Netherlands
					Non-life insurance:
65.9	62.9	57.3	55.8	59.2	Claims ratio
23.2	34.9	34.9	34.8	33.3	Expense ratio
	97.8	92.2	90.6	92.5	Combined ratio
69.6					
36.7					
45.9					
42.3					
64.1					
44.0					

	1998	1999	2000	2001	2002	2003
Luxembourg						
Accident & Health						
- Claims ratio	74.9	66.1	49.6	49.4	36.7	38.7
- Expense ratio	35.8	30.7	44.6	44.4	50.1	40.4
Motor						
- Claims ratio						
- Expense ratio						
Fire						
- Claims ratio	39.9	40.9	38.1	29.4	36.0	43.5
- Expense ratio	48.6	53.4	54.6	42.1	57.6	47.1
Other lines						
- Claims ratio	78.2	(13.7)	35.6	39.4	(3.1)	26.6
- Expense ratio	48.2	42.2	109.6	51.3	77.4	76.0
United States						
Health						
- Claims ratio	74.1	75.9	75.5	70.6	66.6	65.5
- Expense ratio	28.1	24.4	24.4	26.4	29.4	28.1
Disability						
- Claims ratio	70.0	71.5	70.1	71.3	70.8	73.8
- Expense ratio	35.7	33.4	35.0	33.9	32.7	31.9
Rest of the world						
Accident & Health						
- Claims ratio						
- Expense ratio						
Motor						
- Claims ratio	83.1	79.4	77.3	74.2	72.3	74.6
- Expense ratio	26.4	26.1	22.4	23.8	21.9	22.8
Fire						
- Claims ratio	60.5	59.0	67.4	69.4	74.4	67.7
- Expense ratio	41.7	39.9	50.1	41.1	43.4	44.7
Other lines						
- Claims ratio	52.7	57.5	54.3	51.2	66.3	62.3
- Expense ratio	48.2	54.1	43.6	46.6	38.4	33.5

2004	IFRS				2007	
	2004	2005	2006	2007		
58.9	72.0	67.7	67.1	79.5	Insurance International	
36.9	29.5	32.4	33.0	28.8	Non-life insurance:	
	101.5	100.1	100.1	108.3	Claims ratio	
					Expense ratio	
					Combined ratio	
30.9						
44.2						
55.2						
76.2						
76.3						
22.6						
59.8						
48.1						
71.6						
27.2						

Part II

Quarterly figures

3 Quarterly figures

3.1 Income statement Fortis

2007

	<i>First quarter</i>	<i>Second quarter</i>	<i>Third quarter</i>	<i>Fourth quarter</i>	<i>Total</i>
Income					
Interest income	20,852	22,535	25,566	25,916	94,869
Insurance premiums	4,258	3,632	3,478	3,566	14,934
Dividend and other investment income	196	383	245	262	1,086
Share in result of associates and joint ventures	45	36	40	238	359
Realised capital gains (losses) on investments	399	529	390	815	2,133
Other realised and unrealised gains and losses	391	509	199	77	1,176
Fee and commission income	1,024	1,076	1,053	1,247	4,400
Income related to investments for unit-linked contracts	452	686	(134)	(356)	648
Other income	196	205	208	243	852
Total income	27,813	29,591	31,045	32,008	120,457
Expenses					
Interest expense	(19,042)	(20,594)	(23,683)	(24,035)	(87,354)
Insurance claims and benefits	(3,849)	(3,535)	(3,328)	(3,363)	(14,075)
Charges related to unit-linked contracts	(860)	(688)	69	53	(1,426)
Change in impairments	(32)	(14)	(215)	(2,781)	(3,042)
Fee and commission expense	(564)	(577)	(553)	(650)	(2,344)
Depreciation and amortisation of tangible and intangible assets	(143)	(148)	(159)	(162)	(612)
Staff expenses	(1,165)	(1,231)	(1,244)	(1,340)	(4,980)
Other expenses	(832)	(922)	(968)	(1,076)	(3,798)
Total expenses	(26,487)	(27,709)	(30,081)	(33,354)	(117,631)
Profit before taxation	1,326	1,882	964	(1,346)	2,826
Income tax expense	(149)	(265)	(167)	816	235
Net profit for the period	1,177	1,617	797	(530)	3,061
Net gain on discontinued operations	13	23	20	957	1,013
Net profit before minority interests	1,190	1,640	817	427	4,074
Net profit attributable to minority interests	23	25	19	13	80
Net profit attributable to shareholders	1,167	1,615	798	414	3,994

2006

	<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	44	33	36	24	137
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	22,732	23,009	23,874	26,926	96,541
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	1,653	1,746	1,058	925	5,382
Income tax expense	(320)	(354)	(178)	(178)	(1,030)
Net profit for the period	1,333	1,392	880	747	4,352
Net gain on discontinued operations	13	17	16	15	61
Net profit before minority interests	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

2005

	<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	36	21	31	9	97
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	23,067	23,340	22,725	21,227	90,359
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	1,927	1,371	1,175	617	5,090
Income tax expense	(419)	(338)	(241)	(166)	(1,164)
Net profit for the period	1,508	1,033	934	451	3,926
Net gain on discontinued operations	15	17	13	15	60
Net profit before minority interests	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

3.2 Income statement Banking

	<i>2007</i>				
	<i>First quarter</i>	<i>Second quarter</i>	<i>Third quarter</i>	<i>Fourth quarter</i>	<i>Total</i>
Income					
Interest income	20,299	21,983	24,968	25,403	92,653
Interest expense	(19,040)	(20,587)	(23,665)	(24,094)	(87,386)
Net interest income	1,259	1,396	1,303	1,309	5,267
Fee and commission income	968	1,045	1,009	1,221	4,243
Fee and commission expense	(242)	(282)	(267)	(387)	(1,178)
Net fee and commission income	726	763	742	834	3,065
Insurance premiums	3	2	2	2	9
Dividend, share in result of associates and joint ventures and other investment income	61	87	62	298	508
Realised capital gains (losses) on investments	206	250	214	211	881
Other realised and unrealised gains and losses	426	504	259	89	1,278
Other income	62	67	62	112	303
Total income, net of Interest expense	2,743	3,069	2,644	2,855	11,311
Change in impairments	(26)	(10)	(164)	(2,635)	(2,835)
Net revenues	2,717	3,059	2,480	220	8,476
Expenses					
Staff expenses	(942)	(992)	(1,016)	(1,076)	(4,026)
Depreciation and amortisation of tangible and intangible assets	(89)	(90)	(100)	(102)	(381)
Other expenses	(643)	(634)	(639)	(726)	(2,642)
Insurance claims and benefits	(3)			(1)	(4)
Total expenses	(1,677)	(1,716)	(1,755)	(1,905)	(7,053)
Profit before taxation	1,040	1,343	725	(1,685)	1,423
Income tax expense	(132)	(180)	(136)	807	359
Net profit for the period	908	1,163	589	(878)	1,782
Net profit attributable to minority interests	5	4	2	3	14
Net profit attributable to shareholders	903	1,159	587	(881)	1,768

2006

	<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	(83)	(85)	(84)	(98)	(350)
Other expenses	(544)	(543)	(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

2005

	<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

3.3 Income statement Insurance

2007

	<i>First quarter</i>	<i>Second quarter</i>	<i>Third quarter</i>	<i>Fourth quarter</i>	<i>Total</i>
Income					
Interest income	859	835	905	913	3,512
Insurance premiums	4,278	3,656	3,501	3,586	15,021
Dividend and other investment income	166	315	205	190	876
Share in result of associates and joint ventures	18	19	25	32	94
Realised capital gains (losses) on investments	200	155	175	697	1,227
Other realised and unrealised gains and losses	(17)	(19)	(59)	(111)	(206)
Fee and commission income	150	121	128	146	545
Income related to investments for unit-linked contracts	455	685	(145)	(369)	626
Other income	160	162	182	184	688
Total income	6,269	5,929	4,917	5,268	22,383
Expenses					
Interest expense	(222)	(197)	(224)	(208)	(851)
Insurance claims and benefits	(3,893)	(3,579)	(3,397)	(3,387)	(14,256)
Charges related to unit-linked contracts	(860)	(688)	69	53	(1,426)
Change in impairments	(6)	(4)	(51)	(146)	(207)
Fee and commission expense	(416)	(385)	(370)	(364)	(1,535)
Depreciation and amortisation of tangible and intangible assets	(54)	(58)	(59)	(60)	(231)
Staff expenses	(209)	(218)	(218)	(247)	(892)
Other expenses	(217)	(294)	(328)	(378)	(1,217)
Total expenses	(5,877)	(5,423)	(4,578)	(4,737)	(20,615)
Profit before taxation	392	506	339	531	1,768
Income tax expense	(37)	(98)	(49)	1	(183)
Net profit for the period	355	408	290	532	1,585
Net gain on discontinued operations	13	23	20	957	1,013
Net profit before minority interests	368	431	310	1,489	2,598
Net profit attributable to minority interests	16	19	16	13	64
Net profit attributable to shareholders	352	412	294	1,476	2,534

2006

	<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	14	10	13	14	51
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	5,184	3,730	5,656	6,998	21,568
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	429	470	453	438	1,790
Income tax expense	(92)	(95)	(94)	(109)	(390)
Net profit for the period	337	375	359	329	1,400
Net gain on discontinued operations	13	17	16	15	61
Net profit before minority interests	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

2005

	<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	8	11	10	(6)	23
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	4,727	5,692	5,281	5,402	21,102
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	417	526	467	262	1,672
Income tax expense	(118)	(158)	(112)	(85)	(473)
Net profit for the period	299	368	355	177	1,199
Net gain on discontinued operations	15	17	13	15	60
Net profit before minority interests	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

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.

	<i>31 December 2004</i>		
	<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

	<i>1 January 2004</i>		
	<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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