

Annual Accounts 2003

**Annual Accounts Fortis
Report of the Boards of Directors of
Fortis SA/NV and Fortis N.V.
Annual Accounts Fortis SA/NV
Annual Accounts Fortis N.V.**

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All amounts stated in the tables of these Annual Accounts are denominated in millions of euros, unless otherwise indicated.

Auditors' report

Introduction

We have audited the Annual Accounts of Fortis for the year 2003 as included in this report. These Annual Accounts are the responsibility of the management of Fortis. Our responsibility is to express an opinion on these Annual Accounts based on our audit.

Scope

We conducted our audit in accordance with generally accepted auditing standards in the Netherlands and Belgium, respectively. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Annual Accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Annual Accounts. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Annual Accounts. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the Annual Accounts give a true and fair view of the financial position of Fortis as of 31 December 2003 and of the results for the year then ended, in accordance with applicable legal and regulatory requirements in Belgium as described in the notes to the accounts.

Amstelveen, 11 March 2004

Brussels, 11 March 2004

KPMG Accountants N.V.

PricewaterhouseCoopers
Réviseurs d'Entreprises S.C.C.R.L.
represented by P. Barbier and L. Discry

Consolidated balance sheet

(before appropriation of profit)

	Note	31-12-2003	31-12-2002	31-12-2001
Assets				
Cash		8,286.4	4,484.8	5,094.2
Trading securities		23,458.2	14,518.2	19,447.0
Investments	11	157,994.8	140,098.7	147,676.3
Loans and advances to credit institutions		79,445.8	83,859.0	63,761.9
Loans and advances to customers		182,039.2	172,144.1	176,833.9
Reinsurers' share of technical provisions		5,486.6	6,131.6	6,890.8
Deferred acquisition costs		2,788.5	2,810.1	2,963.6
Prepayments and accrued income		28,053.2	27,856.7	19,844.9
Investments on behalf of policyholders		19,946.2	18,390.6	23,567.4
Other assets		15,751.1	15,471.6	16,889.9
Total assets		523,250.0	485,765.4	482,969.9
Liabilities				
Amounts owed to credit institutions		109,368.4	96,548.4	96,337.3
Amounts owed to customers		187,423.4	177,635.3	179,687.2
Debt certificates		52,278.9	49,963.7	50,895.9
Technical provisions		64,410.1	61,735.9	59,533.4
Technical provisions related to investments on behalf of policyholders		20,379.9	18,563.5	23,084.9
Accruals and deferred income		27,420.9	26,614.6	19,772.6
Other liabilities		34,571.3	27,157.6	23,998.3
Convertible notes		0.0	1,256.2	1,257.3
Subordinated convertible note (FRESH)		1,250.0	1,250.0	
Subordinated liabilities		9,923.1	9,723.5	10,209.1
		507,026.0	470,448.7	464,776.0
Fund for general banking risks		2,209.1	2,215.0	2,216.7
Minority interests in group equity	7	2,120.7	2,230.8	2,132.7
Net equity:				
- Capital		6,293.2	6,279.9	6,084.9
- Share premium reserve		11,937.0	11,916.3	11,043.5
- Revaluation reserve				549.2
- Goodwill		(17,108.6)	(17,024.6)	(16,606.8)
- Other reserves		8,575.2	9,167.7	10,175.5
- Net profit for the financial year		2,197.4	531.6	2,598.2
Net equity	1, 8	11,894.2	10,870.9	13,844.5
Group equity		14,014.9	13,101.7	15,977.2
Total liabilities		523,250.0	485,765.4	482,969.9

Consolidated profit and loss account

	Note	2003	2002	2001
Revenues:				
Insurance premiums		18,142.0	18,494.7	18,162.3
Interest income		26,692.2	26,352.6	23,764.8
Commissions and fees		1,799.1	1,857.8	1,978.4
Results from financial transactions				
- on behalf of policyholders		1,022.3	(3,419.0)	(2,499.5)
- other ¹⁾		(137.8)	87.1	1,192.7
Other revenues				
- on behalf of policyholders		322.6	460.6	409.8
- other		2,254.1	2,279.9	2,249.9
Total revenues		50,094.5	46,113.7	45,258.4
Interest expense		(19,732.9)	(19,477.4)	(16,914.3)
Total revenues, net of interest expense		30,361.6	26,636.3	28,344.1
Technical charges insurance		(16,952.1)	(12,896.1)	(13,440.2)
Value adjustments		(783.7)	(790.9)	(625.8)
Net revenues		12,625.8	12,949.3	14,278.1
Operating expenses		(10,371.9)	(10,403.6)	(10,784.7)
Operating result before taxation		2,253.9	2,545.7	3,493.4
Taxation	14	(499.4)	(910.2)	(1,048.9)
Operating group profit		1,754.5	1,635.5	2,444.5
Minority interests		143.6	173.9	177.1
Net operating profit before value differences		1,610.9	1,461.6	2,267.4
Value differences on the equity portfolio ²⁾		636.6	(1,031.5)	
Net operating profit		2,247.5	430.1	2,267.4
Non-operating items after taxation:				
Results from financial transactions			111.0	433.9
Other revenues		92.0	72.4	108.2
Interest expense		(117.6)		
Operating expenses		(92.0)	(111.0)	(342.3)
Taxation	14	67.5	29.1	131.0
Total non-operating items after taxation	16	(50.1)	101.5	330.8
Net profit		2,197.4	531.6	2,598.2

1) Including the results of hedging transactions and total realized gains.

2) Including the results of hedging transactions and unrealized value adjustments on the equity portfolio.

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Key figures per share (in EUR):

Net operating profit		1.74	0.33	1.75
Net profit	15	1.70	0.41	2.01
Weighted Average Shares (in thousands)		1,295,387	1,294,417	1,293,282

Key figures per share, diluted (in EUR):

Net profit		1.67	0.41	1.97
Weighted Average Shares (in thousands)		1,338,750	1,294,530	1,334,374

Consolidated statement of comprehensive income

	2003	2002	2001
Net profit	2,197.4	531.6	2,598.2
Revaluation of investments	169.3	(1,787.6)	(1,757.4)
Reversal of revaluations on sale of investments	(28.4)	335.4	(734.2)
Related taxation	58.1	(81.0)	214.8
Total relating to revaluation after taxation	199.0	(1,533.2)	(2,276.8)
Goodwill	(84.0)	(417.8)	(773.0)
Translation difference	(211.5)	(300.7)	94.7
Other changes	24.5	(154.0)	
Other comprehensive income	(72.0)	(2,405.7)	(2,955.1)
Total comprehensive income	2,125.4	(1,874.1)	(356.9)

The statement of comprehensive income reflects changes in net equity during the course of the year, with the exception of changes arising from share issues and payments to shareholders. In 2002 changes in revaluation of investments did not include the unrealized loss due to the value of the equity portfolio falling below cost. This adjustment is recorded in the profit and loss account as unrealized loss on the equity portfolio.

Due to a decline in the value of pension investments compared with Fortis employees' accrued pension rights, other changes included an amount of EUR 138 million after taxation in 2002. Due to the improved financial position of the pension funds, an amount of EUR 72 million was reversed and recorded under other changes in 2003.

Consolidated cash flow statement

	2003	2002	2001
Cash flows from operating activities:			
Net profit	2,197.4	531.6	2,598.2
Adjustment to reconcile net profit to net cash provided by operating activities:			
- Minority interest	144.3	173.9	177.2
- Value adjustments on receivables	760.1	672.1	625.8
- Value adjustments on real estate	22.2	118.8	9.4
- Depreciation, amortization and accretion ¹⁾	2,536.3	2,272.7	1,711.2
- Foreign exchange results on debt securities and other fixed-income securities	1,760.2	1,585.1	(473.4)
- Results realized on sale of investment securities	657.0	549.5	(558.6)
- Results realized on sale of real estate	(102.3)	(114.2)	(51.6)
- Value adjustments on the investment portfolio of shares	(740.9)	1,148.9	
- Unrealized results on trading portfolio	(361.9)	26.3	(54.0)
- Other	(99.2)	128.8	68.0
Net change in operating assets and liabilities, excluding effects of acquisitions:			
- Trading securities	(8,578.1)	4,902.5	(6,030.2)
- Deferred acquisition costs ¹⁾	(1,789.3)	(1,243.4)	(910.8)
- Prepayments and accrued income	(340.9)	(8,064.8)	(2,899.0)
- Investments on behalf of policyholders	(1,009.2)	(295.3)	(2,922.4)
- Other assets	(1,090.8)	628.7	(5,854.1)
- Technical provisions	4,463.1	4,559.5	6,052.7
- Accruals and deferred income	981.1	7,038.5	3,327.9
- Technical provisions related to investments on behalf of policyholders	1,336.7	972.0	1,313.6
- Other liabilities	8,117.8	2,819.5	(6,684.8)
Net cash provided by operating activities	8,863.6	18,410.7	(10,554.9)
Cash flows from investing activities:			
Purchase of investment securities	(95,758.8)	(68,428.1)	(79,973.1)
Proceeds from sale / maturities of investment securities	74,530.6	69,965.6	63,709.3
Net increase in loans and advances to credit institutions	4,109.8	(20,182.2)	(911.7)
Net increase in loans and advances to customers	(10,859.9)	3,408.0	(16,728.8)
Purchase / sale of business, net of cash acquired	115.2	(632.5)	78.6
Net purchase of tangible fixed assets and intangible assets	(341.9)	(336.4)	(354.4)
Net cash used in investing activities	(28,205.0)	(16,205.6)	(34,180.1)

1) Figures have been adjusted for comparison purposes.

	<i>2003</i>	<i>2002</i>	<i>2001</i>
Cash flows from financing activities:			
Change in amounts owed to credit institutions	12,822.4	212.5	2,162.6
Change in amounts owed to customers	9,788.1	(2,051.9)	33,935.2
Change in debt certificates	2,315.3	(932.2)	7,087.8
Change in convertible notes	(1,256.1)	1,248.9	
Change in subordinated liabilities	433.5	(223.7)	1,924.8
Capital issued by Fortis	34.0	37.4	9.8
Dividends paid	(1,222.5)	(1,244.4)	(1,253.1)
Net cash provided / used by financing activities	22,914.7	(2,953.4)	43,867.1
 Net increase (decrease) in cash	3,573.3	(748.3)	(867.9)
Cash and cash equivalents at 1 January	4,484.8	5,094.2	6,110.3
Effect of exchange rate changes on cash	228.3	138.9	(148.2)
Cash at 31 December	8,286.4	4,484.8	5,094.2
 Interest paid	12,735.5	14,022.9	14,291.1
Income taxes paid	409.8	795.9	974.9

Notes

1 Consolidated equity roll-forward

Net equity at 31 December 2001		13,844.5
Issue of shares		37.4
Net profit		531.6
Dividend for 2001		(1,136.9)
Revaluations of investments	(1,787.6)	
Reversal of revaluations on sale of investments	335.4	
	(1,452.2)	
Taxation	(81.0)	
		(1,533.2)
Goodwill		(417.8)
Translation differences		(300.7)
Other changes in net equity		(154.0)
Net equity at 31 December 2002		10,870.9
Issue of shares		34.0
Net profit		2,197.4
Dividend for 2002		(1,136.1)
Revaluation of investments	169.3	
Reversal of revaluation on sale of investments	(28.4)	
	140.9	
Taxation	58.1	
		199.0
Goodwill		(84.0)
Translation differences		(211.5)
Other changes in net equity		24.5
Net equity at 31 December 2003		11,894.2

2 Information on segments

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

In 2003 it was decided to concentrate all mortgage loans provided to individuals within the banking business in the Netherlands. As a result, the insurance segment sold a significant portion of the mortgages portfolio to the banking segment at the end of 2003. The results of this transaction were conducted via the segments' shareholders' equity.

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

The following table presents balance sheet information by segment.

31-12-2003

	<i>Insurance operations</i>	<i>Banking operations</i>	<i>General operations</i>	<i>Eliminations</i>	<i>Total</i>
Assets					
Cash	1,870.1	6,890.0	421.3	(895.0)	8,286.4
Trading securities		23,458.2			23,458.2
Investments	54,093.1	103,799.7	102.0		157,994.8
Loans and advances to credit institutions	3,518.1	77,980.9		(2,053.2)	79,445.8
Loans and advances to customers	10,657.6	174,402.0	10,300.1	(13,320.5)	182,039.2
Reinsurers' share of technical provisions	5,486.6				5,486.6
Deferred acquisition costs	2,788.5				2,788.5
Prepayments and accrued income	1,283.7	27,000.7	430.4	(661.6)	28,053.2
Investments on behalf of policyholders	19,946.2				19,946.2
Other assets	6,323.7	10,447.4	3,180.7	(4,200.7)	15,751.1
Total assets	105,967.6	423,978.9	14,434.5	(21,131.0)	523,250.0
Liabilities					
Amounts owed to credit institutions	1,821.7	109,036.2	1.9	(1,491.4)	109,368.4
Amounts owed to customers		201,805.2		(14,381.8)	187,423.4
Debt certificates	2,071.8	37,938.5	12,947.6	(679.0)	52,278.9
Technical provisions	64,410.1				64,410.1
Technical provisions related to investments on behalf of policyholders	20,379.9				20,379.9
Accruals and deferred income	692.9	26,628.3	752.4	(652.7)	27,420.9
Other liabilities	8,021.5	27,195.6	1,294.9	(1,940.7)	34,571.3
Convertible notes	0.0				0.0
Subordinated convertible note (FRESH)			1,250.0		1,250.0
Subordinated liabilities	1,336.8	9,566.7	1,005.0	(1,985.4)	9,923.1
	98,734.7	412,170.5	17,251.8	(21,131.0)	507,026.0
Fund for general banking risks		2,209.1			2,209.1
Minority interest in group equity	750.6	934.7	435.4		2,120.7
Net equity	6,482.3	8,664.6	(3,252.7)		11,894.2
Group equity	7,232.9	9,599.3	(2,817.3)		14,014.9
Total liabilities	105,967.6	423,978.9	14,434.5	(21,131.0)	523,250.0

31-12-2002

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

31-12-2001

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

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

	2003				
	<i>Insurance operations</i>	<i>Banking operations</i>	<i>General operations</i>	<i>Eliminations</i>	<i>Total</i>
Revenues:					
Insurance premiums	18,142.0				18,142.0
Interest income	3,468.0	23,751.0	1,012.2	(1,539.0)	26,692.2
Commissions and fees		1,801.6		(2.5)	1,799.1
Results from financial transactions					
- on behalf of policyholders	1,022.3				1,022.3
- other	(993.4)	852.4	3.1	0.1	(137.8)
Other revenues					
- on behalf of policyholders	322.6				322.6
- other	1,503.0	749.6	4.9	(3.4)	2,254.1
Total revenues	23,464.5	27,154.6	1,020.2	(1,544.8)	50,094.5
Interest expense	(766.3)	(19,370.9)	(1,138.0)	1,542.3	(19,732.9)
Total revenues, net of interest expense	22,698.2	7,783.7	(117.8)	(2.5)	30,361.6
Technical charges insurance	(16,952.1)				(16,952.1)
Value adjustments	(22.0)	(761.7)			(783.7)
Net revenues	5,724.1	7,022.0	(117.8)	(2.5)	12,625.8
Operating expenses	(5,140.8)	(5,128.1)	(105.5)	2.5	(10,371.9)
Operating result before taxation	583.3	1,893.9	(223.3)	0.0	2,253.9
Taxation	(127.0)	(448.9)	76.5		(499.4)
Operating group profit	456.3	1,445.0	(146.8)		1,754.5
Minority interests	51.5	55.2	36.9		143.6
Net operating profit before value differences	404.8	1,389.8	(183.7)		1,610.9
Value differences on the equity portfolio	592.1	56.2	(11.7)		636.6
Net operating profit	996.9	1,446.0	(195.4)		2,247.5
Non-operating items after taxation:					
Results from financial transactions					
Other revenues		91.9	0.1		92.0
Interest expense	(117.6)				(117.6)
Operating expenses	(27.8)	(64.2)			(92.0)
Taxation	46.0	21.5			67.5
Total non-operating items after taxation	(99.4)	49.2	0.1		(50.1)
Net profit	897.5	1,495.2	(195.3)		2,197.4

2002

	<i>Insurance operations</i>	<i>Banking operations</i>	<i>General operations</i>	<i>Eliminations</i>	<i>Total</i>
Revenues:					
Insurance premiums	18,494.7				18,494.7
Interest income	3,291.4	23,373.3	567.0	(879.1)	26,352.6
Commissions and fees		1,860.7		(2.9)	1,857.8
Results from financial transactions					
- on behalf of policyholders	(3,419.0)				(3,419.0)
- other	(701.6)	809.9	(21.2)		87.1
Other revenues					
- on behalf of policyholders	460.6				460.6
- other	1,541.5	726.7	12.3	(0.6)	2,279.9
Total revenues	19,667.6	26,770.6	558.1	(882.6)	46,113.7
Interest expense	(749.2)	(18,961.5)	(646.5)	879.8	(19,477.4)
Total revenues, net of interest expense	18,918.4	7,809.1	(88.4)	(2.8)	26,636.3
Technical charges insurance	(12,896.1)				(12,896.1)
Value adjustments	(58.6)	(732.3)			(790.9)
Net revenues	5,963.7	7,076.8	(88.4)	(2.8)	12,949.3
Operating expenses	(5,112.6)	(5,168.2)	(125.6)	2.8	(10,403.6)
Operating result before taxation	851.1	1,908.6	(214.0)	0.0	2,545.7
Taxation	(367.3)	(591.5)	48.6		(910.2)
Operating group profit	483.8	1,317.1	(165.4)		1,635.5
Minority interests	64.4	64.6	44.9		173.9
Net operating profit before value differences	419.4	1,252.5	(210.3)		1,461.6
Value differences on the equity portfolio	(1,035.4)	(97.7)	101.6		(1,031.5)
Net operating profit	(616.0)	1,154.8	(108.7)		430.1
Non-operating items after taxation:					
Results from financial transactions		111.0			111.0
Other revenues		72.4			72.4
Operating expenses	(30.0)	(81.0)			(111.0)
Taxation	(40.9)	35.6	34.4		29.1
Total non-operating items after taxation	(70.9)	138.0	34.4		101.5
Net profit	(686.9)	1,292.8	(74.3)		531.6

2001

	<i>Insurance operations</i>	<i>Banking operations</i>	<i>General operations</i>	<i>Eliminations</i>	<i>Total</i>
Revenues:					
Insurance premiums	18,162.3				18,162.3
Interest income	3,158.4	20,818.6	480.3	(692.5)	23,764.8
Commissions and fees		1,978.4			1,978.4
Results from financial transactions					
- on behalf of policyholders	(2,499.5)				(2,499.5)
- other	190.2	1,002.5			1,192.7
Other revenues					
- on behalf of policyholders	409.8				409.8
- other	1,336.0	897.3	17.5	(0.9)	2,249.9
Total revenues	20,757.2	24,696.8	497.8	(693.4)	45,258.4
Interest expense	(688.2)	(16,414.6)	(504.9)	693.4	(16,914.3)
Total revenues, net of interest expense	20,069.0	8,282.2	(7.1)	0.0	28,344.1
Technical charges insurance	(13,440.2)				(13,440.2)
Value adjustments		(625.8)			(625.8)
Net revenues	6,628.8	7,656.4	(7.1)		14,278.1
Operating expenses	(4,961.7)	(5,657.9)	(165.1)		(10,784.7)
Operating result before taxation	1,667.1	1,998.5	(172.2)		3,493.4
Taxation	(396.0)	(693.0)	40.1		(1,048.9)
Operating group profit	1,271.1	1,305.5	(132.1)		2,444.5
Minority interests	61.7	67.1	48.3		177.1
Net operating profit	1,209.4	1,238.4	(180.4)		2,267.4
Non-operating items after taxation:					
Results from financial transactions	343.6	90.3			433.9
Other revenues	108.2				108.2
Operating expenses	(99.4)	(239.9)	(3.0)		(342.3)
Taxation	15.6	115.4			131.0
Total non-operating items after taxation	368.0	(34.2)	(3.0)		330.8
Net profit	1,577.4	1,204.2	(183.4)		2,598.2

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

	2003						
	<i>Belgium</i>	<i>The Netherlands</i>	<i>Luxembourg</i>	<i>Benelux</i>	<i>United States</i>	<i>Rest of the world</i>	<i>Total</i>
Total assets							
Insurance	35,562.9	38,686.9	2,220.6	76,465.1	18,348.1	11,154.4	105,967.6
Banking	269,951.0	71,119.4	39,102.8	380,173.2	13,107.1	30,698.7	423,978.9
General							14,434.5
Eliminations							(21,131.0)
							<u>523,250.0</u>
Loans and advances	135,079.1	74,187.9	18,238.6	227,505.6	17,247.8	28,513.4	(11,781.8) 261,485.0
Technical provisions, net ¹⁾	23,827.0	19,199.7	372.5	43,399.2	6,778.0	8,862.3	59,039.5
Total revenues, net of interest expenses							
Insurance	6,738.6	6,283.4	754.2	13,776.2	6,249.7	2,672.3	22,698.2
Banking	3,405.5	1,883.4	726.1	6,015.0	177.6	1,591.1	7,783.7
General							(117.8)
Eliminations							(2.5)
							<u>30,361.6</u>
Insurance premiums (gross)							
Life	4,033.1	2,982.1	652.6	7,667.8	728.8	1,134.5	9,531.1
Non-life	1,274.1	2,262.4	16.6	3,553.1	6,621.0	1,112.1	11,286.2
							<u>20,817.3</u>
Net interest income ²⁾							
Banking	2,005.5	1,253.1	372.9	3,631.5	133.1	615.5	4,380.1
Operating result before taxation							
Insurance	196.2	(170.5)	(5.3)	20.4	441.9	121.0	583.3
Banking	694.1	407.8	360.8	1,462.7	40.0	391.2	1,893.9
General							(223.3)
							<u>2,253.9</u>
Effective average number of employees ³⁾							
Insurance	5,258	5,259	122	10,639	12,069	3,077	25,785
Banking	20,270	8,728	2,400	31,398	322	6,776	38,496
General							173
							<u>64,454</u>

1) Technical provisions less reinsured share of technical provisions.

2) Interest income (receivables, debt securities and other) less interest expense.

3) The effective average is the number of full-time equivalents (FTE), taking into account part-time positions and staff joining or leaving Fortis during the year.

2002

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

1) Technical provisions less reinsured share of technical provisions.

2) Interest income (receivables, debt securities and other) less interest expense.

3) The effective average is the number of full-time equivalents (FTE), taking into account part-time positions and staff joining or leaving Fortis during the year.

2001

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

1) Technical provisions less reinsured share of technical provisions.

2) Interest income (receivables, debt securities and other) less interest expense.

3) The effective average is the number of full-time equivalents (FTE), taking into account part-time positions and staff joining or leaving Fortis during the year.

3 General, accounting principles and principles of consolidation

3.1 General

Fortis is a financial services provider operating in the fields of insurance, banking and investment. In 1990 N.V. AMEV, a large Dutch insurer and VSB, a Dutch bank combined operations. Later that year AG Group, a major Belgian insurer joined the group to form the first cross-border merger in the financial sector. Fortis has undergone explosive growth since its inception, both organically and through acquisitions. Major takeovers include the acquisition of ASLK, a Belgian bank and insurer, in 1993; the Dutch merchant bank MeesPierson in 1997; Generale Bank in 1998; American Bankers Insurance Group, Inc. in 1999; and ASR Verzekeringsgroep N.V. in 2000. At the end of 2003, Fortis had 66,741 employees worldwide.

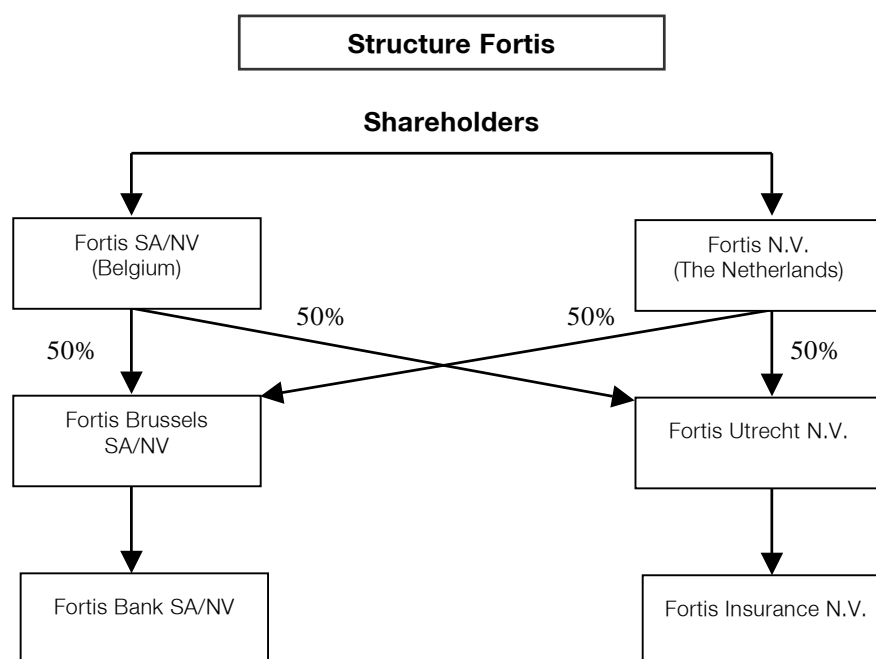
Since 2000 Fortis's banking operations have been conducted under the name Fortis Bank. Fortis Bank was created by the merger of the operations of ASLK, Generale Bank, MeesPierson, VSB Bank and Banque Générale du Luxembourg. Legally, Fortis has three banks: Fortis Bank Belgium, Fortis Bank Netherlands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

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

In accordance with its strategy, which was sharpened in 2003, Fortis decided that the operations of Fortis, Inc. no longer form part of its core activities. In February 2004, Fortis thus floated Fortis, Inc. on the New York Stock Exchange under its new name Assurant, Inc. and sold 65% of its shares in Assurant, Inc.

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

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



3.2. Accounting principles

General

The consolidated financial statements were drawn up in accordance with the applicable legal and regulatory requirements in Belgium. As described in the disclosures and accounting principles, Fortis has - both in terms of presentation and content - applied a number of options applicable in the law for consortium by taking into account art. 116 of the Royal Decree of 30 January 2001 under implementation of the company law in Belgium, in order to reflect in a most reliable manner in its financial statements the banking and insurance activities.

Changes in accounting principles

The principles of valuation and profit determination are unchanged compared with 2002 and 2001.

3.3 Principles of consolidation

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

Upon the acquisition of a company the assets, including any intangible fixed assets, and liabilities of the acquired company are restated at their fair value. Any amount of goodwill is charged or credited in full to net equity. Changes to the goodwill calculated on the acquisition date resulting from revised financial information may take place up to a maximum of 365 days after the acquisition date. These changes are charged or credited to net equity. Goodwill arising on the acquisition of participating interests accounted for under the equity method is also charged or credited to net equity.

If a company is sold within five years of being acquired, a time-weighted portion of the goodwill paid upon acquisition is added to the cost when calculating the capital gain upon the sale of the company.

Companies are consolidated or deconsolidated when the effective control of these companies is acquired or sold. This is usually when the transaction is completed.

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

Eliminations

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

Investments in group companies are deducted from equity in the presentation of the balance sheets by segments. As Fortis has financed part of the shareholders' equity of these companies in the sector general with borrowed capital, shareholders' equity is negative in this segment.

4 Principles of valuation and profit determination

General

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

Use of estimates

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

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

Fortis uses financial instruments and invests in securities of entities where exchange trading is not available. The valuation of these financial instruments and securities has been estimated by using historical information, actuarial analyses, financial modelling and other analytical techniques.

Foreign currency

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

The following table lists the primary exchange rates used in the preparation of the consolidated Annual Accounts.

	Rates at year-end			Average rates		
	2003	2002	2001	2003	2002	2001
1 euro =						
Pound sterling	0.70	0.65	0.61	0.69	0.63	0.62
US dollar	1.26	1.05	0.88	1.13	0.94	0.90

Treasury shares

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

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

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

In addition to the Fortis shares referred to above, investments include Fortis shares attached to certain classic Belgian life insurance products with a minimum return guaranteed. These shares are valued at cost.

Trading securities

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

Investments

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

Equity securities (including convertible notes) are recorded at fair value based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. Unrealized gains and losses on equity securities are recorded, net of tax, directly in Fortis's net equity. Upon the sale of equity securities, the revaluation adjustments previously recorded in net equity are included in the determination of the gain or loss on sale of the security.

If the fair value of the total equity portfolio falls below the purchase price, the difference between the fair value and the purchase price is charged to the profit and loss account. Rises in value thereafter recorded are credited to the profit and loss account until the fair value of the investments is equal to the purchase price. Any rises in value thereafter, i.e. above the purchase price, are credited to the revaluation reserve.

Investments relating to certain Belgian classic life insurance products that have a minimum return guarantee are managed in separate funds. These investments are valued at cost. If the expected investment income, including unrealized losses, does not cover the minimum return guarantee, supplementary additions to the technical provisions will be made.

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

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

Securities purchased under resale agreements and securities sold under repurchase agreements

Securities purchased under resale agreements or sold by Fortis under repurchase agreements are not shown separately in the consolidated balance sheet but are included under loans and advances to credit institutions and loans and advances to customers. These securities are primarily Dutch government, Belgian government and corporate debt securities.

The securities are carried at the amounts at which the securities will be subsequently resold or reacquired as specified in the respective agreements; these amounts include accrued interest. Fortis's policy is to take possession of securities purchased under resale agreements and to relinquish securities sold under repurchase agreements.

Securities borrowed and securities lent

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

Loans and advances

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

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

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

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

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

Loans are no longer considered to be interest-bearing if Fortis has any reason to doubt that the borrower will repay the principal and/or matured interest. Interest revenue continues to be recorded as interest income in the profit and loss account; however, the allowance for reserved interest is increased by the amount of unreceived interest and charged to interest income. The recording of interest allowances for loans is stopped if and when the borrower is able to make payments on time and Fortis believes there is sufficient security with respect to future payments.

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

Deferred acquisition costs

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

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

VOBA is assessed once a year. If it displays a long-term decline in value, amortization is charged to the profit and loss account.

Investments on behalf of policyholders

Investments on behalf of policyholders are maintained in separate accounts and are carried at fair value. Amounts received from policyholders for this purpose are recorded in the profit and loss account as insurance premiums. If investment income is insufficient to cover the commitments, an additional provision is made and charged to the profit and loss account. Changes in the value of the investments are recorded in the profit and loss account. Gains and losses on the sale of investments are recorded under results from financial transactions, and investment income is recorded under other revenues. For certain contracts minimum guaranteed rates apply.

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

Other assets

Participating interests

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

Other participating interests, where Fortis holds an equity interest of less than 20% and in which it does not exercise significant influence, are recorded at estimated market value. The estimated market value is based on year-end quoted market prices, where available, or on quoted market prices of comparable instruments.

Revaluation adjustments are recorded as a direct adjustment to net equity. If the market value falls below the purchase price, the difference between the market value and the purchase price is charged to the profit and loss account. Rises in market value thereafter recorded are credited to the profit and loss account until the market value is equal to the purchase price. Any rises in value thereafter, i.e. above the purchase price, are credited to net equity. Dividends received are recorded in the profit and loss account (under other revenues).

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

Deferred taxes

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

Other tangible fixed assets

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

Technical provisions

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

Technical provisions for long-duration traditional life and long-duration non-life insurance policies are established by the net-level premium method. This is based on estimated investment yields, withdrawals, mortality and other assumptions similar to those used in rating the policies. Interest assumptions for life benefit liabilities range from 3% to 6.5%. Mortality rate assumptions are generally based on experience multiples applied to current tables commonly used in the industry. Withdrawal assumptions for individual life contracts are based on historical experience. According to the Third European Union Directive in respect of life insurance, an exception is made to the rating principles if expectations of future developments in investment yields, withdrawals, mortality, costs or other assumptions give cause to increase the provision.

The adequacy of the provision is tested annually. If the tests show that technical provisions are inadequate, the provisions are increased. This technical provision is net of capitalized interest surplus rebates found in the Dutch life insurance industry. Interest surplus rebates are amortized in proportion to the realized surplus interest on which the rebate is based. Technical provisions for non-traditional life insurance (universal-life type and investment contracts) represent the accumulated amounts which accrue to the benefit of the policyholder and reflect interest credited at rates that are subject to periodic adjustment. Any adjustments to the technical provisions are reflected in the profit and loss account for the year during which the adjustments are made.

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

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

Other liabilities

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

Subordinated convertible notes

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

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

Fund for general banking risks

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

Derivative financial instruments

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

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

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

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

Insurance premiums

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

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

Pensions and similar entitlements

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

If the difference between projected pension commitments and the market value of the related pension investments exceeds 10% of the higher of the two (the 'Corridor'), the difference is amortized in proportion to the average remaining years of service of the employees to whom the pension commitments relate.

If the pension commitments – calculated as the current value of entitlements granted to personnel based on services performed and current and past salary – exceeds the market value of the related pension commitments and of yet to be paid pension costs included on the balance sheet, an additional pension provision will be created and charged to shareholders' equity.

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

Pension costs under defined contribution plans are reported as incurred.

Non-operating items

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

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

5 Changes in the composition of Fortis

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

Theodoor Gilissen

In November 2003 Theodoor Gilissen Bankiers N.V. was sold. The company was sold due to insufficient growth opportunities in the current structure of Fortis. Integrating the company into MeesPierson was not considered to be in the interest of Fortis, Theodoor Gilissen, its clients or its employees. The takeover price was paid entirely in cash.

Intertrust Group

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

Bernheim-Comofi

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

TOP Lease

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

Protective's Dental Benefits Division

At the end of 2001 Fortis acquired the Dental Benefits Division ('DBD') from Protective Life Corporation for approximately USD 300 million (EUR 357 million). The transaction included the reinsurance of the dental insurance activities of DBD and its subsidiaries that sell dental insurances. The goodwill estimated in 2001 was EUR 214 million. In 2002 the goodwill was finalized at EUR 164 million.

Taiping Life

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

Fortis Australia

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

Fortis Financial Group

In April 2001 Fortis Financial Group ('FFG') was sold for an amount totalling approximately USD 1,120 million (EUR 1,252 million) in cash. FFG is active in variable life insurances, the annuity business and the management of own investment funds. For the sale of insurance activities the transaction has been structured as a reinsurance agreement with indemnity. The capital gains thus realized will depend on the remaining term of the policies and have been recorded as part of the operating profit. The sale of asset management activities resulted in 2001 in a net result of EUR 36 million and has been recorded under non-operating items.

Mayban General Assurance Berhad

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

Other acquisitions and divestitures

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

In addition to the above, in 2003, 2002 and 2001 a number of small companies were acquired and the interests in other companies were increased.

The most important acquisitions and divestments are listed below, including information about when their results were included in Fortis's Annual Accounts.

	2003	2002	2001
Sale Theodoor Gilissen	Until 1 November		
Acquisition Intertrust Group		as of 1 July	
Acquisition Bernheim Comofi		as of 1 May	
Sale TOP Lease		until 1 April	
Acquisition Tai Ping Life (24.9%)			as of 1 October
Acquisition Protective's Dental Benefits Division			as of 31 December
Sale Fortis Australia			until 1 July
Acquisition Mayban General Assurance Berhad (30%)			as of 1 July
Sale Fortis Financial Group			until 1 April

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

The total amount of goodwill for 2003 was EUR 84.0 million (2002: EUR 417.8 million; 2001: EUR 773.0 million) and was charged entirely to net equity.

6 Fair value of financial instruments

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

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

Financial instruments valued at carrying value

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

Investment securities

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

Loans receivable

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

Amounts owed to credit institutions and customers

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

Long-term debt

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

Derivatives

The fair value of derivatives traded on the stock exchange is based on the quoted market price or on trader quotations. The fair value of non-exchange traded or over-the-counter derivative instruments is calculated using discounted cash flow models based on current market yields for similar types of instruments and the maturity of each instrument; accrued interest is not taken into account. The discount rates are based on market rates and indices for similar derivative instruments prevalent in the market.

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

	2003		2002		2001	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Financial assets						
Securities and Treasury bills	174,228.4	177,825.8	146,116.2	150,692.9	160,725.9	162,513.9
Loans and advances to credit institutions and customers	261,485.0	261,983.1	256,003.1	259,547.9	240,595.8	246,592.2
Participating interest ¹⁾	540.7	540.6	566.4	566.5	740.4	740.3
Derivatives (net) ²⁾	(89.4)	(749.9)	(915.1)	(1,372.5)	2,364.7	2,469.8
Financial liabilities						
Amounts owed to credit institutions and customers	296,791.8	303,184.0	274,183.7	269,908.2	276,024.5	271,653.6
Debt certificates	52,278.9	53,403.5	49,963.7	50,837.9	50,895.9	51,229.3
Subordinated liabilities and convertible notes	11,173.1	12,468.4	12,229.7	13,660.9	11,466.4	12,557.2

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

2) Including the derivatives portfolio, held for risk management purposes, not on the balance sheet.

7 Minority interests in group equity

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

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

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

In preparation of the Initial Public Offering of Fortis, Inc., in December 2003 Fortis submitted a provisional bid for the outstanding Trust Capital Securities. In February 2004 the bid was finalized and the Trust Capital Securities were purchased.

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

The issue was composed of three tranches:

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

In June 1999 Fortis issued non-cumulative, non-voting perpetual shares. The regulator considers these preference shares as part of the Tier 1 capital of the bank. The issue was composed of two tranches:

- a tranche of EUR 450 million with a fixed coupon of 6.25% for the first ten years, and a variable coupon of 3-month Euribor plus 2.60% in subsequent years. After 10 years and once a year in subsequent years Fortis has the opportunity to redeem the instrument for cash on a distribution date;
- a tranche of EUR 200 million with a fixed coupon of 7.00% for the entire duration. After 5 years and once a year in subsequent years Fortis has the opportunity to redeem this instrument for cash on a distribution date.

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

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

8 Net equity

The following table sets forth the composition of net equity at 31 December 2003:

Share capital:

- Ordinary Fortis shares; 1,337,882,634 shares issued; per Fortis Share consisting of 1 share Fortis SA/NV EUR 4.28 unit-of-account value and 1 share Fortis N.V. EUR 0.42 par value.	6,293.2
- Cumulative preference shares A Fortis N.V. EUR 0.42 par value; 1,750,000,000 shares authorized; no shares issued or outstanding.	
- Cumulative preference shares B Fortis N.V. EUR 0.42 par value; 250,000,000 shares authorized; no shares issued or outstanding.	
- Share premium reserve	11,937.0
- Revaluation reserve	
- Goodwill	(17,108.6)
- Other reserves	8,575.2
- Net profit current financial year	2,197.4
	<hr/> 11,894.2

A detailed description of the various option plans is included in notes 13 and 18.

Cumulative Preference Shares A Fortis N.V.

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

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

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

If any Cumulative Preference Shares A are issued or redeemed, a General Meeting of Shareholders shall be convened which shall be held not later than two years after the date on which the Cumulative Preference Shares A were first issued. A resolution concerning issuance or withdrawal of the Cumulative Preference Shares A shall be put on the agenda of such meeting.

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

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

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

Cumulative Preference Shares B Fortis N.V.

None of the 250 million, EUR 0.42 par value, authorized Cumulative Preference Shares B are issued and outstanding. Upon issue, Cumulative Preference Shares B must be fully paid-up. Cumulative Preference Shares B may be issued by Fortis N.V. for financing purposes. The shares have voting rights equivalent to those of Ordinary Shares and Cumulative Preference Shares A with one vote per share outstanding.

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

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

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

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

Accumulated other comprehensive income

The following table reflects the changes in Accumulated other comprehensive income.

	<i>Translation differences</i>	<i>Revaluation of investments</i>	<i>Goodwill</i>	<i>Other movements</i>	<i>Accumulated other comprehensive income</i>
Balance at 31 December 2001	309.9	(592.2)	(16,606.8)		(16,889.1)
Change during the year	(300.7)	(1,533.2)	(417.8)	(154.0)	(2,405.7)
Closing balance at 31 December 2002	9.2	(2,125.4)	(17,024.6)	(154.0)	(19,294.8)
Change during the year	(211.5)	199.0	(84.0)	24.5	(72.0)
Closing balance at 31 December 2003	(202.3)	(1,926.4)	(17,108.6)	(129.5)	(19,366.8)

The following table sets out the movements in net equity of Fortis during 2003 and 2002.

	<i>Capital</i>	<i>Share premium reserve</i>	<i>Revaluation reserve</i>	<i>Goodwill</i>	<i>Other reserves</i>	<i>Total net equity</i>
Balance at 31 December 2001	6,084.9	11,043.5	549.2	(16,606.8)	12,773.7	13,844.5
Issue of shares	195.0	872.8			(1,030.4)	37.4
Net profit for the year					531.6	531.6
Dividends					(1,136.9)	(1,136.9)
Revaluation of investments, net			(1,533.2)			(1,533.2)
Goodwill				(417.8)		(417.8)
Translation differences					(300.7)	(300.7)
Other changes in equity			(154.0)			(154.0)
Reclass other reserves			1,138.0		(1,138.0)	
Balance at 31 December 2002	6,279.9	11,916.3	0.0	(17,024.6)	9,699.3	10,870.9
Issue of shares	13.3	20.7				34.0
Net profit for the year					2,197.4	2,197.4
Dividends					(1,136.1)	(1,136.1)
Revaluation of investments, net			199.0			199.0
Goodwill				(84.0)		(84.0)
Translation differences					(211.5)	(211.5)
Other changes in equity			24.5			24.5
Reclass other reserves			(223.5)		223.5	
Balance at 31 December 2003	6,293.2	11,937.0	0.0	(17,108.6)	10,772.6	11,894.2

The above dividends were paid in cash.

Movements in the number of outstanding shares are reflected below.

Number of shares at 31 December 2001	1,293,565,659
Issue related to FRESH	39,682,540
Issue related to option plans / share plans	1,813,900
Number of shares at 31 December 2002	1,335,062,099
Issue related to share plans	2,820,535
Number of shares at 31 December 2003	1,337,882,634

Net equity includes 39,682,540 Fortis shares in connection with the FRESH securities which were not included in the calculation of the dividend and earnings per share.

In 2002 and 2003 Fortis offered its personnel the opportunity to purchase Fortis shares. Fortis SA/NV and Fortis N.V. issued 2,820,535 new shares (2002: 1,752,500), raising a total of EUR 34.0 million (2002: EUR 35.7 million).

An overview of the potential number of outstanding shares:

Number of shares at 31 December 2003	1,337,882,634
Shares potentially to be issued:	
- in connection with optionplans, including warrants (see note 13 Employee stock and option plans)	33,504,374
- in connection with convertible notes (see notes A9 and A10)	3,556,634
Total potential number of shares at 31 December 2003	1,374,943,642

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

	<i>number</i>	<i>Fortis value</i>
Balance at 31 December 2002	29,894,443	
Purchases	30,654,916	
Sales	(35,060,056)	
Balance at 31 December 2003	25,489,303	
In trading securities	4,598,489	73.3
In investments	13,372,619	213.2
In investments but for the account of third parties	1,399,926 ¹⁾	43.5
In investments on behalf of policy-holders	1,658,963	26.5
In other assets	4,459,306	67.6
	25,489,303	424.1

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

9 Off-balance sheet items

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

Credit-related financial instruments

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

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

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

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

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

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

	2003	2002	2001
Acceptances outstanding	500.3	195.4	235.7
Firm credit commitments	88,709.4	72,306.5	84,656.4
Documentary credits	3,627.2	3,772.9	2,823.2
Sureties, guarantees and assets pledged	10,736.1	9,732.2	11,217.8

Derivatives

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

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

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

Stock options are the (marketable) right to buy or sell a standard number of shares at a previously fixed price during a previously fixed period.

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

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

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

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

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

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

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

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

Lease agreements

Fortis has entered into operational lease agreements to provide for office space, office equipment and vehicles. Rental expenses out of these leases in 2003 were EUR 92.5 million (2002: EUR 78.1 million; 2001: EUR 120.6 million). The total amount payable on account of non-cancellable lease agreements as of 31 December 2003 was EUR 290.9 million (2002: EUR 334.2 million; 2001: EUR 315.6 million).

The following table reflects future commitments for non-cancellable operating leases as of 31 December.

	2003
Through 2004	63.6
Through 2005	56.4
Through 2006	46.0
Through 2007	32.6
Through 2008	26.8
Thereafter	65.5
Total	290.9

Other commitments

At 31 December 2003 Fortis had assets pledged amounting to EUR 105,412.8 million (2002: EUR 106,475.6 million; 2001: EUR 69,690.2 million).

Fortis has various outstanding and contingent commitments that are not reflected in the accompanying consolidated balance sheet. The following table provides information about the most significant of these commitments as per 31 December.

	2003	2002	2001
Obligations to purchase securities	711.2	1,215.6	846.8
Obligations to pay up share capital of participating interest	126.9	70.1	72.1
Securities entrusted to Fortis ¹⁾	283,676.2	299,232.6	345,365.7
Other	103.4	452.6	284.1

¹⁾ Represents primarily the value of investment securities held in safekeeping (excluding funds under management).

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

Contingent commitments

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

10 Risk management

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

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

Market risk: Insurance

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

Fortis has investigated the sensitivity of its pre-tax insurance results to a 100 basis point upward or downward parallel shift in the yield curve. It was found that the impact on 2003 results was negligible.

Market risk: Banking

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

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

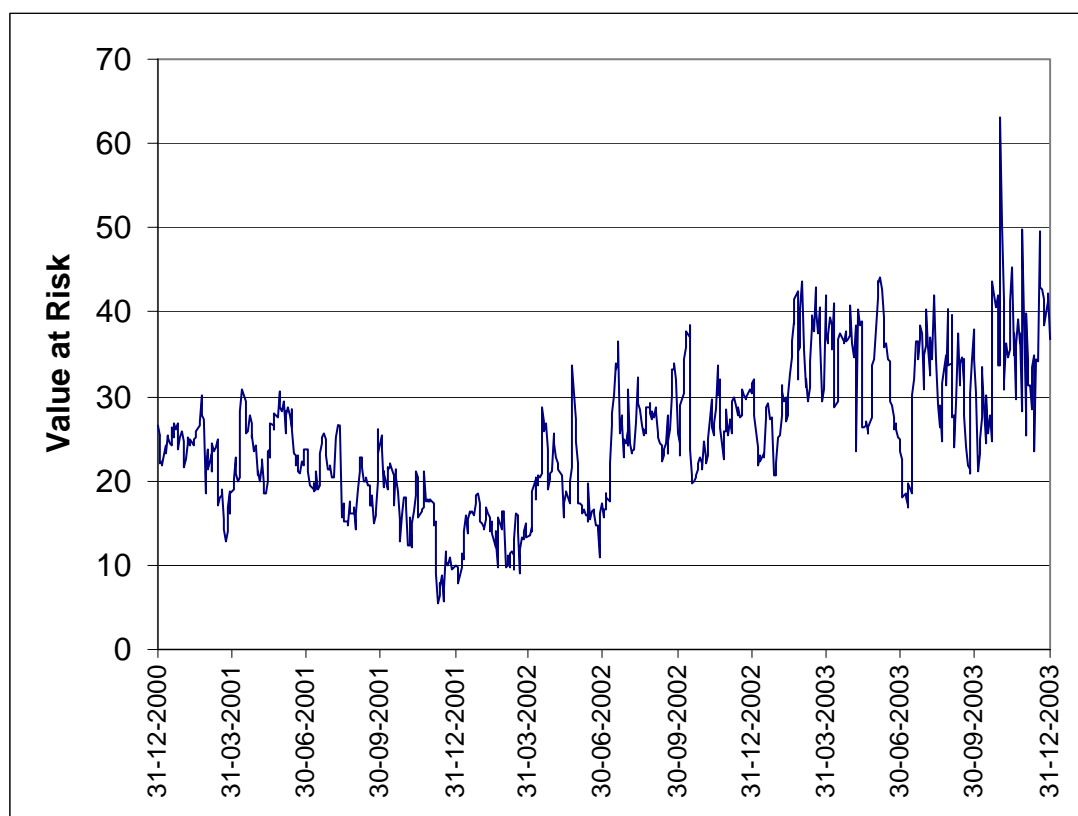
The duration of net equity is a general measure of interest rate risk. The duration and fair value of all products is calculated on the basis of cash flow (redemptions and interest). The duration of net equity is such that the duration of the sum of the assets is equal to the duration of the sum of the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

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

The bank monitors risks arising from trading activities by means of qualitative controls and intensive use of quantitative models based on sensitivity and probability analyses. Value-at-Risk (VaR) reports are compiled daily based on an adaptation of two methods: the variance/covariance model and the historical simulation model.

The VaR reports are based on a holding period of one day and a probability of 99%. The table below reflects the development of a few VaR figures. Also included in the survey is the efficiency ratio (the ratio of the ex-post volatility to the ex-ante VaR).

	2003	2002	2001
VaR as per 31 December	36.7	31.5	12.0
Highest VaR	63.1	38.5	27.8
Lowest VaR	16.9	7.9	9.4
Average VaR	32.8	21.8	17.5
Efficiency ratio (in %)	88	94	89



Market risk: Banking - Liquidity

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

Credit risk: Insurance

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

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

	31-12-2003	31-12-2002	31-12-2001
Relating to the private sector:			
Mortgage loans, individuals	5,399.0	10,728.3	9,754.0
Investment securities corporate debentures	8,355.2	8,299.1	6,884.9
Mortgage-backed and asset-backed securities	2,867.1	1,987.9	953.7
Other debt securities and fixed-income securities	3,032.0	469.1	1,520.0
Other private loans	5,078.3	5,609.9	6,164.7
Policyholder loans	180.3	191.9	202.5
Other	191.8	1,581.4	199.0
Intercompanies	(1,396.0)	(1,436.9)	(1,532.7)
Total relating to the private sector	23,707.7	27,430.7	24,146.1
Relating to the public sector:			
Investment securities Government	14,378.6	18,408.7	19,118.3
Relating to banks:			
Loans and advances to credit institutions	3,518.1	2,297.6	1,971.2
Investment securities Banking	6,573.3	6,324.6	5,741.5
Intercompanies	(2,053.1)	(721.4)	(649.7)
Total relating to banks	8,038.3	7,900.8	7,063.0
Total credit risk ¹⁾	46,124.6	53,740.2	50,327.4

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

Credit Risk: Banking

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

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

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

	31-12-2003	31-12-2002 ¹⁾	31-12-2001 ¹⁾
Relating to the private sector:			
Loans and advances to customers			
Mortgage loans, individuals	55,986.1	44,976.1	42,072.5
Consumer loans	8,732.0	9,054.7	9,588.7
Commercial loans	108,025.3	102,577.2	110,008.9
Investment securities			
Companies and other	16,203.2	15,330.2	16,167.0
<i>of which corporate debentures</i>	5,758.7	8,004.2	8,005.0
Intercompanies	(1,625.5)	(1,532.0)	(1,865.0)
Total relating to the private sector	187,321.1	170,406.2	175,972.1
Relating to the public sector			
Loans and advances to customers			
Government	4,533.5	4,775.3	5,965.3
Investment securities			
Government	73,889.3	62,951.4	66,193.9
Total relating to the private sector	78,422.8	67,726.7	72,159.2
Relating to banks			
Loans and advances to credit institutions	78,029.0	82,430.9	62,634.9
Investment securities			
Banking	10,454.0	7,697.0	9,291.9
Total relating to banks	88,483.0	90,127.9	71,926.8
Total balance sheet risks ²⁾	354,226.9	328,260.8	320,058.1
Derivatives ³⁾	6,309.5	5,663.0	2,659.4
Credit related instruments ⁴⁾	103,573.0	86,007.0	98,933.1
Total off balance sheet risk	109,882.5	91,670.0	101,592.5
Total credit risk	464,109.4	419,930.8	421,650.6

1) These figures have been adjusted for comparison purposes.

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

3) Based on credit equivalents (see also page 52).

4) Consists of outstanding acceptances, fixed lending obligations, documentary credits, deposits and guarantees.

Loans to customers by sector

	31-12-2003	31-12-2002 ¹⁾	31-12-2001 ¹⁾
Agriculture, forestry and fishing	1,229.9	1,389.9	1,786.6
Energy and water	4,607.2	6,025.9	5,487.6
Metallurgic & non-metallic minerals	1,757.7	1,929.3	1,988.2
Chemicals and plastics	1,762.4	2,406.5	2,788.6
Metal works	2,768.0	2,769.8	2,956.7
Other manufacturing	4,997.3	5,406.8	6,177.4
Construction and engineering	2,708.9	2,518.9	2,942.4
Distribution, hotels and catering	11,823.0	11,181.0	13,396.8
Transport	2,515.3	2,979.8	3,891.5
Communication	1,116.9	2,204.4	2,288.9
Real estate	9,168.0	7,431.2	7,913.1
Financial institution & services to firms	39,687.9	33,488.0	38,382.0
Shipping	2,243.8	3,148.7	3,533.2
Other services	6,732.2	6,375.3	7,179.5
Public administrations	4,533.5	4,775.3	5,965.3
Private persons	58,170.4	52,672.0	46,714.7
Monetary intermediations	7,436.9	1,943.8	1,233.5
Trade and commodity finance	1,603.3	1,906.0	1,773.0
Unclassified	12,414.3	10,830.7	11,236.4
Total	177,276.9	161,383.3	167,635.4

1) These figures have been adjusted for comparison purposes.

Credit risk derivatives

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

	2003	2002	2001
Interest contracts	3,210.7	2,803.5	1,173.9
Currency contracts	2,691.2	1,567.7	1,098.3
Other contracts	407.6	1,291.8	387.2
Total	6,309.5	5,663.0	2,659.4

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

Credit risk: Banking - Country risk

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

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

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

	2003			
	<i>Gross exposure</i>	<i>Deductibles</i>	<i>Provision against country risk</i>	<i>Mitigated exposure</i>
Latin America	1,438.0	1,326.4	34.7	76.9
Asia	1,131.4	1,094.8	24.1	12.5
Central and Eastern Europe	1,077.4	975.8	30.0	71.6
Middle East and Africa	2,622.7	2,461.4	100.8	60.5
Total	6,269.5	5,858.4	189.6	221.5

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

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

The table below shows the country risk broken down by degree of exposure:

2003

	<i>Gross exposure</i>	<i>Deductibles</i>	<i>Provision against country risk</i>	<i>Mitigated exposure</i>
No risk	0.0	0.0	0.0	0.0
Low risk	2,001.2	1,869.5	16.5	115.2
Average risk	869.8	797.0	24.3	48.5
High risk	3,398.5	3,191.9	148.8	57.8
Total	6,269.5	5,858.4	189.6	221.5

2002

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

2001

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

11 Investments and assets under management

Investments

The summary below reflects the carrying value, the fair value for investments and investment income as a percentage of quarterly average book value as per 31 December. The difference between the book value and the fair value of these debt securities is largely due to the difference between the rate of interest at the time of their purchase and the rate of interest at this balance sheet date. Such differences of interest rate also affect the technical insurance commitments to which these investments may be related. Because of outstanding commitments related to profit sharing arrangements, unrealized capital gains and losses of the insurance business will be charged to the shareholders only to a limited extent.

	<i>Book value</i>			<i>Fair value</i>		
	<i>2003</i>	<i>2002</i>	<i>2001</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>
Land and buildings	6,629.1	6,557.5	5,840.2	6,629.1	6,557.5	5,840.2
Shares	7,256.7	9,905.0	14,166.9	7,256.7	9,905.0	14,166.9
Debt securities	143,486.5	121,467.9	125,871.3	147,084.0	126,044.8	127,612.9
Other investments	622.5	2,168.3	1,797.9	634.0	2,262.6	1,841.7
Total	157,994.8	140,098.7	147,676.3	161,603.8	144,769.9	149,461.7

	<i>Investment income as % of investments</i>		
	<i>2003</i>	<i>2002</i>	<i>2001</i>
Land and buildings	13.3	8.0	10.1
Shares	(3.1)	(23.7)	(10.6)
Debt securities	5.3	5.3	5.8
Other investments	0.4	0.7	4.4
Total	4.8	2.8	4.2

Debt securities are valued at amortization value in the balance sheet. Realized gains on debt securities are taxable. Shares and land and buildings are valued at fair value, and revaluations are recorded in equity, taking into account tax implications. Tax is in principle payable when the deferred capital gain on land and buildings is realized. The unrealized capital gain on land and buildings for banking and insurance was EUR 1,052 million (2002: EUR 950 million; 2001: EUR 983 million). The unrealized capital loss on shares was a loss of EUR 287 million (2002: a loss of EUR 1,096 million; 2001: a profit of EUR 1,473 million). In certain cases the capital gain is tax-exempt upon realization. The share portfolio consists almost entirely of listed shares.

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

Investment income

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

	2003				
	Land and buildings	Shares	Debt securities	Other investments	Total
Gross investment income	647.5	274.9	5,752.0	23.1	6,697.5
Realized capital gains	80.2	(1,407.5)	757.0	(14.3)	(584.6)
Revaluations	114.9	21.0			135.9
Unrealized capital gains / losses included in P&L	(22.2)	729.4			707.2
Total	820.4	(382.2)	6,509.0	8.8	6,956.0

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

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

Assets under management by origin

	31-12-2003	31-12-2002	31-12-2001
Investments insurance	54,093.1	49,999.1	50,487.3
Investments banking	103,799.7	89,978.6	96,866.9
Total investments for own account ¹⁾	157,994.8	140,098.7	147,676.3
Investments on behalf of policyholders	19,946.2	18,390.6	23,567.4
Funds under management	128,018.5	131,327.6	144,862.7
Total assets under management	305,959.5	289,816.9	316,106.4

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

Funds under management by type of investment

	31-12-2003			
	<i>Shares</i>	<i>Land and buildings</i>	<i>Debt securities</i>	<i>Total</i>
Private Banking	21,861.5		28,285.7	50,147.2
Asset Management	24,872.8	361.3	52,716.9	77,951.0
Other	2,173.6	196.4	16,356.0	18,726.0
Subtotal	48,907.9	557.7	97,358.6	146,824.2
Eliminations	(10,500.0)	(112.0)	(8,193.7)	(18,805.7)
Total funds under management	38,407.9	445.7	89,164.9	128,018.5

	31-12-2002			
	<i>Shares</i>	<i>Land and buildings</i>	<i>Debt securities</i>	<i>Total</i>
Private Banking	21,632.0		29,043.0	50,675.0
Asset Management	28,527.0	11.0	44,228.0	72,766.0
Other	5,643.6	461.0	17,987.3	24,091.9
Subtotal	55,802.6	472.0	91,258.3	147,532.9
Eliminations	(11,454.3)		(4,751.0)	(16,205.3)
Total funds under management	44,348.3	472.0	86,507.3	131,327.6

Roll-forward funds under management

	<i>Private Banking</i>	<i>Asset Management</i>	<i>Other</i>	<i>Eliminations</i>	<i>Total</i>
Closing balance at 31 December 2001	59,301.0	79,432.0	22,333.7	(16,204.0)	144,862.7
Net new means	1,058.0	2,202.0	2,646.2	(1,962.3)	3,943.9
Capital gains/losses	(8,664.0)	(10,881.0)	(1,388.0)	1,961.0	(18,972.0)
Transfer between businesses and other	(1,020.0)	2,013.0	500.0		1,493.0
Closing balance at 31 December 2002	50,675.0	72,766.0	24,091.9	(16,205.3)	131,327.6
Net new means	303.1	199.2	3,223.8	(2,402.7)	1,323.4
Capital gains / losses	(293.5)	1,107.0	(21.8)	(197.7)	594.0
Transfer between businesses and other	(537.4)	3,878.8	(8,567.9)		(5,226.5) ¹⁾
Closing balance at 31 December 2003	50,147.2	77,951.0	18,726.0	(18,805.7)	128,018.5

1) 'Transfer between businesses and other' includes the effect of the sale of Theodoor Gilissen Bankiers N.V.

12 Employee benefits

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

The following table provides the components of pension costs.

	2003	2002	2001
Service cost	261.2	232.4	199.8
Interest cost	301.6	317.6	297.2
Expected return on plan assets	(277.6)	(295.1)	(302.8)
Amortization of deferred items	62.3	30.8	2.6
Net periodic pension costs	347.5	285.7	196.8

The following table provides the parameters applied.

	2003	2002	2001
Discount rate	4.60 - 6.20	4.50 - 6.75	5.40 - 7.75
Expected return on plan assets	4.00 - 8.25	4.50 - 8.50	5.40 - 9.00
Rate of remuneration increase	1.50 - 5.50	1.50 - 5.50	1.50 - 5.50

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

	2003	2002
Benefit obligations at 1 January	6,189.6	5,886.5
Purchases and sales group companies	(9.4)	49.6
Service costs	261.1	232.4
Interest costs	301.6	317.6
Plan amendments	0.8	131.8
Plan participants' contributions	1.5	1.5
Actuarial gains and losses	223.1	(68.5)
Exchange differences	(72.1)	(61.6)
Benefits paid	(344.3)	(299.7)
Benefit obligations at 31 December	6,551.9	6,189.6
Fair value of plan assets at 1 January	5,173.4	5,349.1
Actual return on plan assets	201.7	(356.8)
Purchases and sales group companies	(25.0)	(2.8)
Employer contribution	770.9	515.3
Plan participants' contributions	1.5	1.5
Exchange adjustments	(36.3)	(33.2)
Benefits paid	(344.3)	(299.7)
Fair value of plan assets at 31 December	5,741.9	5,173.4

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

	2003	2002	2001
Funded status	(810.0)	(1,016.2)	(537.2)
Unrecognized net actuarial loss	1,123.1	881.9	379.7
Unrecognized prior service costs	145.3	152.8	116.5
Unrecognized net transition obligation	51.3	62.0	19.1
Unrecognized other gains / losses	(14.9)	(2.6)	28.0
Prepaid pension costs	494.8	77.9	6.1
Recognized as follows:			
- Prepaid pension costs (within other assets)	847.5	487.7	644.1
- Accrued pension costs (within other liabilities)	(352.7)	(409.8)	(638.0)
	494.8	77.9	6.1

The net actuarial loss of EUR 1,123.1 million (2002: EUR 881.9 million; 2001: EUR 397.7 million) not taken into account is amortized over the average expected remaining years of employment of the currently employed personnel. At year-end 2003 the average expected period of remaining years of employment was 11 years.

The pension benefit obligation and fair value of plan assets with respect to overfunded plans at 31 December 2003 were EUR 1,045.0 million and EUR 1,374.7 million respectively (2002: EUR 1,069.8 million and EUR 1,407.8 million; 2001: EUR 1,515.8 million and EUR 2,161.0 million respectively). The pension benefit obligation and fair value of plan assets with respect to underfunded plans at 31 December 2003 were EUR 5,508.5 million and EUR 4,367.2 million respectively (2002: EUR 5,119.7 million and EUR 3,765.5 million; 2001: EUR 4,370.7 million and EUR 3,188.2 million respectively).

Defined contribution plans

Fortis also sponsors a number of defined contribution plans around the world. Employees may contribute to the plan based on a percentage of their remuneration, but limited by local tax laws. Contributions for defined contribution plans amounted to EUR 69.5 million in 2003 (2002: EUR 67.8 million; 2001: EUR 51.2 million).

13 Employee stock and option plans

As an additional incentive to its employees, in the past few years Fortis has offered its personnel a number of stock option plans on Fortis shares. Since 2001, however, the option plans are limited in terms of the number of options granted and the number of receiving personnel. Instead, Fortis now offers its personnel a share purchase programme.

Like in 2002, in 2003 Fortis offered personnel the opportunity to purchase Fortis shares at a certain discount which must be held for a required periods. The conditions vary from country to country. In connection with the share plan, Fortis SA/NV and Fortis N.V. issued 2,820,535 new shares (2002: 1,752,500).

Based on amendments to tax legislation in Belgium, in 2003 the Board of Directors decided to extend the exercise period by three years for options offered to participants in Belgium in 1999, 2000 and 2002. There are differences in the duration and exercise price of the options offered in each country because of the different tax regimes. Fortis's policy is to hedge the positions in options related to existing stocks offered to participants. Given the high exercise price of a number of options granted, it is not considered necessary to fully hedge the position. On 31 December 2003 Fortis had 1,388,000 Fortis shares in portfolio for this purpose and for the restricted shares granted to the members of the Executive Committee. This number of shares is considered to be sufficient. The options granted to the members of the Board of Directors and of the Executive Committee are included in the table below. A detailed overview of the options and outstanding options granted to the members of the Board of Directors and Executive Committee is contained in note 18, 'Remuneration of Fortis Directors and Executive Committee members'.

Options offered in	<i>Total</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>
Exercise period	2002-2012	2007-2009	2006-2012	2006-2008
Numbers of options offered	46,226,614	3,062,460	3,668,404	344,750
Average exercise price	28.81	14.74	26.55	37.57
Exercised/lapsed before 2003	7,074,780		23,300	
Exercised in 2003				
Lapsed in 2003	3,899,000			
Outstanding 31 December 2003	35,252,834	3,062,460	3,645,104	344,750
On new Fortis shares	33,504,374	2,755,000	2,905,804	
On existing Fortis shares	1,748,460	307,460	739,300	344,750

Options offered in	<i>2000</i>	<i>1999</i>	<i>1998</i>	<i>1997</i>
Exercise period	2005-2010	2004-2012	2003	2002-2007
Numbers of options offered	10,555,700	18,665,150	5,188,100	4,742,050
Average exercise price	35.21	30.41	27.57	19.86
Exercised/lapsed before 2003	181,650	588,400	1,766,000	4,515,430
Exercised in 2003				
Lapsed in 2003	469,600	7,300	3,422,100	
Outstanding 31 December 2003	9,904,450	18,069,450		226,620
On new Fortis shares	9,547,500	18,069,450		226,620
On existing Fortis shares	356,950			

For senior management of Fortis, Inc. a separate option plan was based on preferred shares of Fortis, Inc. The valuation of these preferred shares was directly linked to the market value of Fortis shares. The total number of options outstanding at 31 December 2002 was 339,700. These options were redeemed upon preparation of the Initial Public Offer of Fortis, Inc.

Due to the acquisition of ASR Verzekeringsgroep (now 'Fortis ASR') the current personnel option plans on ASR shares were converted into personnel option plans on Fortis shares effective from 15 January 2001. The table below shows the number of Fortis stock options from the moment of the acquisition of ASR.

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

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

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

As of 31 December 2003 Fortis ASR held 2,985,138 Fortis shares to hedge the option and SAR plans.

14 Income taxes

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

	2003	2002	2001
Taxation on profit from operating result	(499.4)	(910.2)	(1,048.9)
Taxation on the value differences on the equity portfolio	(142.1)	117.0	
Taxation on non operating items	67.5	29.1	131.0
Total taxation on result	(574.0)	(764.1)	(917.9)
Taxation recorded in net equity	58.1	(81.0)	214.8
Total taxation	(515.9)	(845.1)	(703.1)
Current:			
Belgium	(91.9)	(525.4)	(366.6)
The Netherlands	(8.4)	73.7	(157.4)
Other, including General	(213.6)	(213.7)	(448.0)
Total current income taxes	(313.9)	(665.4)	(972.0)
Deferred:			
Belgium	(160.5)	(133.7)	(108.2)
The Netherlands	(23.8)	38.5	60.0
Other, including General	(75.8)	(3.5)	102.3
Total deferred income taxes	(260.1)	(98.7)	54.1
Total taxation on result	(574.0)	(764.1)	(917.9)

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

	2003	2002	2001
Operating result before taxation	2,253.9	2,545.7	3,493.4
Value differences on the equity portfolio	779.3	(1,148.5)	
Non operating items	(117.6)	72.4	199.8
Total result before taxation	2,915.6	1,469.6	3,693.2
Current period applicable statutory rate (in %) ¹⁾	34.0	41.0	38.3
Expected taxation	(992.0)	(602.4)	(1,416.6)
Increase / decrease resulting from:			
- Tax-exempt income	289.3	(176.5)	384.0
- Non-deductible expenses	(11.3)	(70.7)	(35.4)
- Foreign tax rate differential	15.6	1.9	17.4
- Other	124.4	83.6	132.7
Total taxation on result	(574.0)	(764.1)	(917.9)

1) Weighted average standard tax rate.

Deferred tax assets and liabilities at 31 December 2003 consist of the following:

	2003	2002	2001
Deferred tax assets:			
Provisions	200.3	292.1	566.7
Insurance technical provisions	1,284.7	1,446.5	1,507.9
Deferred gains on fixed income investments	27.1	206.8	204.2
Pensions and other post-retirement liabilities	133.6	159.2	178.5
Net operating loss carryforwards	559.3	409.0	148.3
Other	306.8	402.5	455.8
Total deferred tax assets	2,511.8	2,916.1	3,061.4
Deferred tax liabilities:			
Land and buildings	1,367.2	1,341.1	1,176.4
Valuation of equity securities, venture capital and debt securities	206.8	295.5	105.6
Valuation of trading portfolio			0.2
Deferred acquisition costs	563.5	690.6	802.5
Pensions and other post-retirement liabilities	165.4	142.0	251.3
Prepayment and accrued income	19.7	25.4	29.5
Tax-exempt reserves	189.0	189.0	223.3
Other	530.4	610.8	598.6
Total deferred tax liabilities	3,042.0	3,294.4	3,187.4
Net deferred tax	(530.2)	(378.3)	(126.0)

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

	2003	2002	2001
Deferred tax asset within other assets	1,726.8	2,139.6	2,335.4
Deferred tax liability within other liabilities	2,257.0	2,517.9	2,461.4
	(530.2)	(378.3)	(126.0)

15 Earnings per share

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

	2003	2002	2001
Net operating profit	2,247.5	430.1	2,267.4
Non operating items after taxation	(50.1)	101.5	330.8
Income available to ordinary stockholders for EPS	2,197.4	531.6	2,598.2
Interest saved on convertible securities	33.2		27.1
Profit used for calculating diluted EPS	2,230.6	531.6	2,625.3
Weighted average ordinary shares outstanding			
applicable to basic EPS (in thousands)	1,295,387	1,294,417	1,293,282
Effect of dilutive securities:			
Options	124	82	728
Warrants		28	81
Convertible securities	43,239	3	40,283
Adjusted weighted average ordinary shares outstanding applicable to diluted EPS (in thousands)	1,338,750	1,294,530	1,334,374
Earnings per share:			
Net operating profit	1.74	0.33	1.75
Non recurring items	(0.04)	0.08	0.26
Net profit	1.70	0.41	2.01
Earnings per share fully diluted			
Net operating profit	1.71	0.33	1.72
Non operating items	(0.04)	0.08	0.25
Net profit	1.67	0.41	1.97

In 2003 weighted average options of 35,497,019 shares (2002: 20,014,692; 2001: 3,258,799) with weighted average exercise prices of EUR 32.22 per share (2002: EUR 32.50; 2001: EUR 35.09) were excluded from the calculation of diluted EPS because the exercise price of the options was higher than the average market price of the shares. During 2003 no shares arising from convertible securities were excluded from the calculation of earnings per share because the interest saved on these securities was higher than the earnings per share.

16 Non-operating items

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

	2003	2002	2001
Non-operating items	(117.6)	72.4	199.8
Taxation on non-operating items	67.5	29.1	131.0
Non-operating items after taxation	(50.1)	101.5	330.8
Non recurrent capital gains:			
- Suez (Insurance)			263.6
- Fortis Financial Group (Insurance)			35.9
- Australia (Insurance)			45.9
- Kempen & Co. (Insurance)			80.0
- Theodoor Gillissen (Banking)	90.8		
- Arbed (Banking)		18.7	
- TOPLease (Banking)		72.6	
- Cedel (Banking)		92.3	
- Liffe Seats (Banking)			11.0
- SES Global (Banking)			74.6
Financial restructuring:			
- Assurant Inc. (Insurance) ¹⁾	(84.8)		
Reorganisation provisions:			
- Insurance	(14.6)	(17.9)	(57.4)
- Banking	(41.5)	(52.7)	(151.3)
- General			(3.0)
Change tax rate Belgium		(11.5)	
Change tax rate Luxembourg			31.5
Non-operating items after taxation	(50.1)	101.5	330.8

1) This mainly concerns interest expense, after taxation, due to premature redemption of a number of loans in preparation of the Initial Public Offering of Assurant, Inc.

17 Influence of translation differences

Currency movements affected operating result before taxation and net equity. Operating result before taxation fell by 11.0% (2002: down 27.1%; 2001: down 3.4%); after adjustment for currency effects this decline was 8.0% (2002: down 28.7%; 2001: down 3.7%). Net equity went up by 9.0% (2002: down 21.5%; 2001: down 8.9%), from EUR 10,870.9 million to EUR 11,894.2 million (2002: from EUR 13,844.5 million to EUR 10,870.9 million; 2001: from EUR 15,196.8 million to EUR 13,844.5 million). After adjustment for currency effects the increase in net equity was 12.0% (2002: down 25.2%; 2001: down 9.4%).

18 Remuneration of Fortis Directors and Executive Committee members

The information below is to be looked at as reference document describing the remuneration policy of Fortis Directors and Executive Committee members.

Remuneration of Fortis Directors

The remuneration of the Fortis Directors is determined by the Board of Directors in compliance with the prerogatives of the Shareholders Meeting. Detailed proposals for remuneration of non-executive directors are formulated by the Compensation & Nominating Committee, based upon advice from outside experts. The levels and structure of remuneration are determined in view of the specific responsibilities of the non-executive directors in the Fortis boards and general international market practice. The non-executive directors do not receive annual incentive awards or stock options and are not entitled to pension rights. Pursuant to his previous executive position within Fortis, one non-executive director holds options and is entitled to pension rights for the period during which he held such a position. Non-executive directors are not entitled to any termination indemnity.

For the 2003 financial year, total remuneration of the non-executive directors amounted to EUR 1,9 million (2002: EUR 2,3 million; 2001: EUR 2.6 million). This amount includes both regular basic remuneration for board membership and board committee meetings attendance fees. Remuneration of the CEO, who is a member of the Board of Directors, is explained below under 'Remuneration of the CEO and Executive Committee members'. The remuneration of each director is shown in the table below. The table also reflects the number of Fortis shares and options held by the directors and credits and loans granted by Fortis companies to the directors.

	Function (Except the CEO all directors are non-executives)	2003 remuneration (EUR)	Fortis shares held on 31-12-2003	Options on Fortis shares outstanding and restricted shares 31-12-2003 ¹⁾	Loans & credit outstanding 31-12-2003 (EUR) ²⁾
Jaap Glasz	Chairman	194,000 ⁵⁾			317,646 ⁶⁾
Count Maurice Lippens	Chairman	309,000	725,000	55,900	1,000,000 ⁷⁾
Viscount Etienne Davignon	Vice-Chairman	155,000	1,000		
Jan Slechte	Vice-Chairman	155,000			
Anton van Rossum	CEO	2,100,000		200,130 ⁸⁾	
Baron Valère Croes	Director	135,000	11,582		
Jan-Michiel Hessels	Director	133,000			
Henjo Hielkema	Director ³⁾	86,700			
Baron Daniel Janssen	Director	124,000 ⁹⁾	70,855		
Christine Morin-Postel	Director ⁴⁾	31,750 ⁹⁾			
Annemieke Roobeek	Director	124,000			
Martin Schröder	Director ³⁾	57,000			
Philippe Speeckaert	Director	130,000	2,709		148,736 ⁶⁾
Baron Piet van Waeyenberge	Director	142,000 ⁹⁾			
Klaas Westdijk	Director	135,000			303,469 ⁶⁾

1) Information about options held is given on page 70.

2) Granted at market conditions at time of granting.

3) Director until May 27, 2003.

4) Director until March 12, 2003.

5) Amount subject to VAT (19%).

6) Mortgage loan.

7) Cash-credit and straight loan.

8) In addition to the options mentioned, the CEO in 2000 was granted 86,475 Stock Appreciation Rights ('SARs') on Fortis shares. SARs entitle the CEO to a cash payment by Fortis that equals the difference - if it becomes positive - between the current price of Fortis shares at the moment of exercising the SAR and the exercise price (EUR 28.91), i.e. the market price of the Fortis shares on 27 June 2000 (in which the difference is limited to a maximum of EUR 28.91). The SARs may be exercised between 31 August 2003 and 31 August 2005, during predetermined 'open' periods. The CEO has not exercised SARs during 2003.

9) Total remuneration is paid to a company outside Fortis, where the director exercises a function.

Remuneration of the CEO and Executive Committee members

The remuneration of the CEO and Executive Committee members is designed to:

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

Both the levels and structure of remuneration for Fortis senior executives is analyzed on an annual basis. At the initiative of the Compensation & Nominating Committee, Fortis's competitive positioning is regularly reviewed by and discussed with a leading international firm of compensation and benefits consultants, in light of the practices of other major Europe-based international financial services groups and other organizations operating on a global basis. The reward package for the CEO and Executive Committee members reflects a concept of 'integrated' total direct compensation, combining the following three components of pay: base salary, annual incentive (short-term performance-related bonus) and long-term incentive.

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

Base salary

Base salary levels are intended to compensate the executives for their position responsibilities and their particular set of competencies. These levels are set in line with general prevailing market rates for equivalent-type positions and are subject to regular annual reviews. There is, however, no mechanism for automatic adjustment. Base salary levels have remained unchanged since 1999.

Annual incentive

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

Long-term incentive

The long-term incentive plan is designed to:

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

Key features of the 2003 long-term incentive plan are as follows:

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

As outlined in the 2002 annual report, the Compensation & Nominating Committee, as part of the annual review of the executive remuneration package, has thoroughly examined current and anticipated long-term incentive practices of major financial institutions in Europe. Based on this review, the Compensation & Nominating Committee has recommended to the Board that it amends the approach to delivery of the long-term incentive as from 2003.

The long-term incentive is delivered as a combination of options and cash, and on the other hand of restricted shares:

- the 2003 options plan stipulates a strike price of EUR 14.86, or 100% of the Fortis share market value at the time they were granted (on 25 April 2003) and an option term of six years. Options can be exercised during predetermined 'open periods' falling within a time frame ranging from the first day of the year following the third anniversary of the grant until the end of the option term;
- the 2003 restricted shares plan consists of the commitment, taken by Fortis, to grant to the executive a number of Fortis shares in September 2006, provided the executive is still employed by Fortis on that date. At the date of grant, the executive will be allowed to sell a maximum of 50% of those shares within 10 days in order to finance the tax liabilities associated with the grant. The unsold shares, after expiration of the 10-days period, may not be sold until six months after termination of the professional relationship between Fortis and the executive.

Other components

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

Compensation of the CEO and Executive Committee members in 2003

For 2003 total remuneration for the CEO was EUR 2.1 million (2002: EUR 2.1 million; 2001: EUR 2.4 million). This total remuneration was composed of a base salary of EUR 750,000 (2002: EUR 750,000; 2001: EUR 750,000), an annual incentive of EUR 732,000 (2002: EUR 525,000; 2001: EUR 810,000) and an amount of EUR 586,000 (2002: EUR 800,000; 2001: EUR 809,000) representing the other remuneration components (net periodic pension cost, long-term incentive paid in cash and other costs). Based on the relative performance of the Fortis share in 2002, the Long Term Incentive 2003 consisted of the grant of 32,930 options (exercise price EUR 14.86) and the conditional grant of 28,550 restricted shares.

For 2003 total remuneration for the other seven Executive Committee members was EUR 7.4 million (2002: EUR 8.0 million; 2001: EUR 7.9 million). Total remuneration was composed of an aggregate total base salary of EUR 3.6 million (2002: EUR 3.6 million; 2001: EUR 3.6 million), ranging from EUR 505,000 to EUR 615,000 per member, depending upon the position within the Executive Committee; an aggregate total annual incentive of EUR 2.7 million (2002: EUR 2.7 million; 2001: EUR 2.6 million), ranging, on an individual basis, from EUR 323,000 to EUR 506,000, and an aggregate total of other remuneration components of EUR 1.1 million (2002: EUR 1.6 million; 2001: EUR 1.7 million) for net periodic pension costs, long-term incentive paid in cash and other costs. Based on the relative performance of the Fortis share in 2002, the long-term incentive for 2003, for these seven Executive Committee members consisted of the grant of a total of 116,040 options (exercise price EUR 14.86) and the conditional grant of 100,605 restricted shares.

Details of the stock options and restricted shares granted to and held by the CEO and former and current members of the Executive Committee are reflected in the table below. Based on Belgian tax legislation, the expiry date of the options granted in 1999 and 2000 was extended by three years.

	<i>Restricted shares granted in 2003</i>	<i>Options granted in 2003</i>	<i>Options exercised in 2003</i>	<i>Options outstanding 31-12-2003</i>	<i>Options exercise price</i>	<i>Options expiry date</i>
<i>Non-executive directors</i>						
M. Lippens				15,300	18.60	20-11-2007
				7,500	29.81	03-10-2009
				7,650	31.75	31-12-2012
				25,450	38.40	14-04-2009
<i>Executive Committee</i>						
A. van Rossum				25,450	38.40	14-04-2009
				38,000	37.57	18-04-2007
				75,200	32.23	28-04-2008
	28,550	32,930		32,930	14.86	28-04-2009
H. Verwilt				15,300	18.60	20-11-2007
				7,500	29.81	03-10-2009
				7,650	31.75	31-12-2012
				18,950	38.40	14-04-2009
				26,750	37.57	18-04-2007
				52,300	32.23	28-04-2008
	19,845	22,890		22,890	14.86	28-04-2009
G. Mittler				10,350	18.60	20-11-2007
				7,500	29.81	03-10-2009
				7,650	31.75	31-12-2012
				13,350	38.40	14-04-2009
				18,000	37.57	18-04-2007
				35,500	32.23	28-04-2008
	13,460	15,525		15,525	14.86	28-04-2009
K. de Boeck				15,300	18.60	20-11-2007
				7,500	29.81	03-10-2009
				7,650	31.75	31-12-2012
				12,000	38.40	14-04-2009
				18,000	37.57	18-04-2007
				35,500	32.23	28-04-2008
	13,460	15,525		15,525	14.86	28-04-2009
J. De Mey				15,300	18.60	20-11-2007
				7,500	29.81	03-10-2009
				7,650	31.75	31-12-2012
				12,000	38.40	14-04-2009
				18,000	37.57	18-04-2007
				35,500	32.23	28-04-2008
	13,460	15,525		15,525	14.86	28-04-2009
F. Dierckx				7,500	29.81	03-10-2009
				7,650	31.75	31-12-2012
				12,000	38.40	14-04-2009
				18,000	37.57	18-04-2007
				35,500	32.23	28-04-2008
	13,460	15,525		15,525	14.86	28-04-2009

	<i>Restricted shares granted in 2003</i>	<i>Options granted in 2003</i>	<i>Options exercised in 2003</i>	<i>Options outstanding 31-12-2003</i>	<i>Options exercise price</i>	<i>Options expiry date</i>
J. Feilzer				7,500	29.81	03-10-2004
				13,350	38.40	14-04-2006
				18,000	37.57	18-04-2007
				35,500	32.23	28-04-2008
	13,460	15,525		15,525	14.86	28-04-2009
J. van Ek				37,298	19.26	24-05-2004
				37,298	17.47	22-09-2005
				13,500	37.57	18-04-2007
				22,000	32.23	28-04-2008
	13,460	15,525		15,525	14.86	28-04-2009
Total	129,155	148,970		1,021,316		

19 Dividend

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

If no express choice is made by the shareholders for a Fortis share, the following will apply:

- If the Fortis share is held by a paying agent that has an account with a CSD member of a central securities custody office established in Belgium or the Netherlands respectively, or if the Fortis share is held by a shareholder whose residence as stated in the shareholders' register is in Belgium or the Netherlands respectively, the shareholder will be deemed to have chosen the dividend of Fortis SA/NV or Fortis N.V. respectively.
- If the shareholder has received physical bearer shares, the shareholder will be deemed to have chosen the dividend of Fortis SA/NV.
- In all other cases, 50% of the relevant shares will be assigned the Fortis SA/NV dividend and 50% of the relevant shares will be assigned the Fortis N.V. dividend.

The companies comprising Fortis are subject to legal restrictions regarding the amount of dividend they may pay to their shareholders. The Netherlands Civil Code stipulates that dividends may be paid out by a Dutch company only if the net equity of the company exceeds the total of the paid-up and called-up capital and the reserves required by law or by the company's Articles of Association.

Under the Belgian Companies Code, 5% of the net profit of a company must be used annually for the formation of a reserve fund. This obligation no longer applies once the reserve fund has reached a minimum of 10% of the authorized share capital. Dividends may not be paid if the level of net assets of the company falls below, or following payment of a dividend would fall below, the sum of its paid-up capital and non-distributable reserves.

The Belgian and Dutch subsidiaries are also subject to dividend restrictions arising from minimum capital and solvency requirements imposed by regulators in the countries in which the subsidiaries operate.

Additionally, certain Fortis subsidiaries outside the Netherlands and Belgium are subject to restrictions on the amount of cash dividends they may pay to shareholders. Most significantly, subsidiaries in the United States are subject to dividend restrictions imposed by the respective insurance regulatory authorities in the states in which the subsidiaries in question are domiciled. For life, accident and health insurance subsidiaries, dividends are generally limited to 10% of the legally retained profit or 10% of the legal net operating result if this amount is higher.

For non-life subsidiaries, dividends are limited to a specified percentage of the previous year's net equity or of the previous year's net investment results, depending on the state of domicile. Dividends paid in excess of these limitations require prior approval from the insurance regulatory authority in the state of domicile.

20 Regulatory matters and solvency

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

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

	<i>Minimum requirements</i>	2003	2002	2001
Credit risks		150,213.1	142,021.7	146,066.5
Market risks		11,294.2	9,282.8	6,540.0
Risk-weighted assets		161,507.3	151,304.5	152,606.5
Tier 1 ratio	4.0%	7.9%	8.2%	8.5%
Total capital ratio	8.0%	12.4%	13.0%	13.5%

In accordance with European Union Directives, insurance companies located in European Union member countries are required to maintain minimum solvency requirements. The minimum solvency requirements must be at least 16% of gross premiums written in the prior year for non-life and generally 4% of technical provisions (1% if investments are for the account of policyholders) plus 0.3% of the amount at risk under the insurance policies for life insurers.

As of 31 December 2003, the solvency requirements of Fortis's insurance operations computed in accordance with this directive amount to EUR 6,455.1 million (2002: EUR 5,773.2 million; 2001: EUR 6,975.3 million). The minimum solvency is EUR 3,651.6 million at 31 December 2003 (2002: EUR 3,645.6 million; 2001: EUR 4,225.4 million). Fortis's United States insurance operations are required by insurance commissioners of the respective states of domicile to adhere to certain minimum risk-based capital ('RBC') requirements. These subsidiaries meet these requirements.

Solvency

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

Fortis's solvency position at 31 December is:

	2003		2002		2001	
Group equity	14,014.9		13,101.7		15,977.2	
Fund for general banking risks	2,209.1		2,215.0		2,216.7	
Tier 1 loans	2,250.0		2,250.0		1,000.0	
Net core capital	18,474.0		17,566.7		19,193.9	
	<i>Floor</i>	<i>Cap</i>	<i>Floor</i>	<i>Cap</i>	<i>Floor</i>	<i>Cap</i>
Solvency requirement	16,080.8	20,434.6	15,458.0	19,705.2	16,556.6	21,254.2
Surplus / (deficit)	2,393.2	(1,960.6)	2,108.7	(2,138.5)	2,637.3	(2,060.3)
Core capital as multiple of Floor / Cap	1.15	0.90	1.14	0.89	1.16	0.90

Balance sheet insurance

	Note	31-12-2003	31-12-2002	31-12-2001
Assets				
Cash	A1	1,870.1	1,970.7	1,154.1
Investments	A2	54,093.1	49,999.1	50,487.3
Loans and advances to credit institutions		3,518.1	2,297.6	1,971.2
Loans and advances to customers	A3	10,657.6	16,530.2	16,121.2
Reinsurers' share of technical provisions		5,486.6	6,131.6	6,890.8
Deferred acquisition costs	A4	2,788.5	2,810.1	2,963.6
Prepayments and accrued income		1,283.7	1,248.2	1,318.2
Investments on behalf of policyholders	A5	19,946.2	18,390.6	23,567.4
Other assets	A6	6,323.7	6,026.0	5,463.0
Total assets		105,967.6	105,404.1	109,936.8
Liabilities				
Amounts owed to credit institutions		1,821.7	1,159.3	378.3
Debt certificates		2,071.8	6,718.3	4,601.4
Technical provisions	A7	64,410.1	61,735.9	59,533.4
Technical provision related to investments on behalf of policyholders	A5	20,379.9	18,563.5	23,084.9
Accruals and deferred income		692.9	1,325.1	1,496.9
Other liabilities	A8	8,021.5	7,358.8	10,584.5
Convertible notes	A9	0.0	0.3	1.4
Subordinated liabilities	A10	1,336.8	2,261.2	2,475.6
		98,734.7	99,122.4	102,156.4
Minority interests in group equity	A11	750.6	752.0	694.5
Net equity		6,482.3	5,529.7	7,085.9
Group equity		7,232.9	6,281.7	7,780.4
Total liabilities		105,967.6	105,404.1	109,936.8

Profit and loss account insurance

	Note	2003	2002	2001
Revenues:				
Insurance premiums	A13	18,142.0	18,494.7	18,162.3
Interest income		3,468.0	3,291.4	3,158.4
Results from financial transactions				
- on behalf of policyholders	A14	1,022.3	(3,419.0)	(2,499.5)
- other ¹⁾	A14	(993.4)	(701.6)	190.2
Other revenues				
- on behalf of policyholders		322.6	460.6	409.8
- other	A15	1,503.0	1,541.5	1,336.0
Total revenues		23,464.5	19,667.6	20,757.2
Interest expense		(766.3)	(749.2)	(688.2)
Total revenues, net of interest expense		22,698.2	18,918.4	20,069.0
Technical charges insurance	A16	(16,952.1)	(12,896.1)	(13,440.2)
Value adjustments		(22.0)	(58.6)	
Net revenues		5,724.1	5,963.7	6,628.8
Operating expenses	A17	(5,140.8)	(5,112.6)	(4,961.7)
Operating result before taxation		583.3	851.1	1,667.1
Taxation		(127.0)	(367.3)	(396.0)
Operating group profit		456.3	483.8	1,271.1
Minority interests		51.5	64.4	61.7
Net operating profit before value differences		404.8	419.4	1,209.4
Value differences on the equity portfolio ²⁾		592.1	(1,035.4)	
Net operating profit		996.9	(616.0)	
Non-operating items after taxation		(99.4)	(70.9)	368.0
Net profit		897.5	(686.9)	1,577.4

Insurance

1) Including the results of hedging transactions and total realized gains.

2) Including the results of hedging transactions and unrealized value differences on the equity portfolio.

The following table reflects the insurance operations profit and loss account broken down into life insurance and non-life insurance.

	2003		
	<i>Life</i>	<i>Non-life</i>	<i>Total</i>
Revenues:			
Insurance premiums	9,405.2	8,736.8	18,142.0
Interest income	2,750.5	717.5	3,468.0
Results from financial transactions			
- on behalf of policyholders	1,022.3		1,022.3
- other	(898.2)	(95.2)	(993.4)
Other revenues			
- on behalf of policyholders	322.6		322.6
- other	1,120.3	382.7	1,503.0
Total revenues	13,722.7	9,741.8	23,464.5
Interest expense	(665.4)	(100.9)	(766.3)
Total revenues, net of interest expense	13,057.3	9,640.9	22,698.2
Technical charges insurance	(11,475.6)	(5,476.5)	(16,952.1)
Value adjustments	15.5	(37.5)	(22.0)
Net revenues	1,597.2	4,126.9	5,724.1
Acquisition costs	(688.4)	(2,841.6)	(3,530.0)
Administrative expenses	(610.6)	(1,358.1)	(1,968.7)
Reinsurance commission and profit participation	13.2	734.1	747.3
Other charges	(341.1)	(48.3)	(389.4)
Operating expenses	(1,626.9)	(3,513.9)	(5,140.8)
Operating result before taxation	(29.7)	613.0	583.3
Taxation	48.4	(175.4)	(127.0)
Operating group profit	18.7	437.6	456.3
Minority interests	49.4	2.1	51.5
Net operating profit before value differences	(30.7)	435.5	404.8
Value differences on the equity portfolio	531.6	60.5	592.1
Net operating profit	500.9	496.0	996.9
Non-operating items after taxation	(44.1)	(55.3)	(99.4)
Net profit	456.8	440.7	897.5

	2002		
	<i>Life</i>	<i>Non-life</i>	<i>Total</i>
Revenues:			
Insurance premiums	9,599.1	8,895.6	18,494.7
Interest income	2,523.5	767.9	3,291.4
Results from financial transactions			
- on behalf of policyholders	(3,419.0)		(3,419.0)
- other	(550.8)	(150.8)	(701.6)
Other revenues			
- on behalf of policyholders	460.6		460.6
- other	1,108.6	432.9	1,541.5
Total revenues	9,722.0	9,945.6	19,667.6
Interest expense	(630.4)	(118.8)	(749.2)
Total revenues, net of interest expense	9,091.6	9,826.8	18,918.4
Technical charges insurance	(7,220.3)	(5,675.8)	(12,896.1)
Value adjustments	(53.9)	(4.7)	(58.6)
Net revenues	1,817.4	4,146.3	5,963.7
Acquisition costs	(670.4)	(2,872.9)	(3,543.3)
Administrative expenses	(615.4)	(1,590.0)	(2,205.4)
Reinsurance commission and profit participation	19.9	862.0	881.9
Other charges	(213.8)	(32.0)	(245.8)
Operating expenses	(1,479.7)	(3,632.9)	(5,112.6)
Operating result before taxation	337.7	513.4	851.1
Taxation	(213.2)	(154.1)	(367.3)
Operating group profit	124.5	359.3	483.8
Minority interests	61.9	2.5	64.4
Net operating profit before value differences	62.6	356.8	419.4
Value differences on the equity portfolio	(907.3)	(128.1)	(1,035.4)
Net operating profit	(844.7)	228.7	(616.0)
Non-operating items after taxation	(51.4)	(19.5)	(70.9)
Net profit	(896.1)	209.2	(686.9)

Insurance

	2001		
	<i>Life</i>	<i>Non-life</i>	<i>Total</i>
Revenues:			
Insurance premiums	10,197.7	7,964.6	18,162.3
Interest income	2,438.5	719.9	3,158.4
Results from financial transactions			
- on behalf of policyholders	(2,499.5)		(2,499.5)
- other	310.1	(119.9)	190.2
Other revenues			
- on behalf of policyholders	409.8		409.8
- other	1,008.8	327.2	1,336.0
Total revenues	11,865.4	8,891.8	20,757.2
Interest expense	(541.0)	(147.2)	(688.2)
Total revenues, net of interest expense	11,324.4	8,744.6	20,069.0
Technical charges insurance	(8,395.7)	(5,044.5)	(13,440.2)
Net revenues	2,928.7	3,700.1	6,628.8
Acquisition costs	(1,014.3)	(2,692.3)	(3,706.6)
Administrative expenses	(661.4)	(1,332.3)	(1,993.7)
Reinsurance commission and profit participation	188.6	815.0	1,003.6
Other charges	(215.1)	(49.9)	(265.0)
Operating expenses	(1,702.2)	(3,259.5)	(4,961.7)
Operating result before taxation	1,226.5	440.6	1,667.1
Taxation	(282.8)	(113.2)	(396.0)
Operating group profit	943.7	327.4	1,271.1
Minority interests	60.3	1.4	61.7
Net operating profit	883.4	326.0	1,209.4
Non-operating items after taxation	288.1	79.9	368.0
Net profit	1,171.5	405.9	1,577.4

Notes to the balance sheet and profit and loss account insurance

A1 Cash

Cash only includes balances that may be withdrawn immediately, such as credit balances with banking institutions and deposits. At 31 December 2003, EUR 0.4 million in cash in the insurance segment (2002: EUR 0.7 million; 2001: EUR 0.7 million) is subject to withdrawal and usage restrictions.

A2 Investments

The composition of investments at 31 December is as follows:

	<i>2003</i>	<i>2002</i>	<i>2001</i>
Debt securities and other fixed-income securities	42,940.1	35,489.3	34,218.5
Equity securities	5,887.7	7,963.5	11,929.6
Total investment securities	48,827.8	43,452.8	46,148.1
Participations in investment pools	403.7	361.6	358.3
Investments in land and buildings	4,669.8	4,603.3	3,781.9
Other investments	191.8	1,581.4	199.0
Total investments	54,093.1	49,999.1	50,487.3

Equity securities in 2003 include amounts of EUR 244.3 million in Fortis shares (2002: EUR 315.5 million; 2001: EUR 518.7 million). Of this amount, EUR 43.5 million concerns Fortis shares held in relation to classic Belgian life insurance products with a minimum return guaranteed. These shares are valued at cost.

The following table reflects the movements in investments.

	<i>Debt securities</i>	<i>Shares</i>	<i>Partici- pations in investment pools</i>	<i>Land and buildings</i>	<i>Other invest- ments</i>
Balance at 31 December 2001	34,218.5	11,929.6	358.3	3,781.9	199.0
Purchases and sales group companies	(28.6)	43.2		725.6	13.0
Purchases	18,172.9	7,776.4	13.0	261.9	1,627.6
Book value of sales and redemptions	(16,273.7)	(8,701.1)	(9.7)	(200.8)	(245.7)
Revaluations	0.4	(1,150.8)		62.6	
Unrealized capital gains/losses included in P&L		(1,127.4)		1.1	
Exchange differences	(1,433.4)	(67.0)		(27.8)	(13.5)
Other movements	(0.2)			4.9	
Reclassifications	833.4	(739.4)		(6.1)	1.0
Balance at 31 December 2002	35,489.3	7,963.5	361.6	4,603.3	1,581.4
Purchases and sales group companies	466.9	1.1		3.7	
Purchases	23,141.8	3,471.8	42.2	306.3	83.6
Book value of sales and redemptions	(16,327.0)	(6,249.8)	(0.1)	(265.2)	(71.0)
Revaluations	10.6	20.0		45.5	(2.1)
Unrealized capital gains / losses included in P&L		727.7		0.8	
Exchange differences	(1,283.7)	(59.4)		(26.7)	(18.0)
Other movements	1.9			(1.0)	
Reclassifications	1,440.3	12.8		3.1	(1,382.1)
Balance at 31 December 2003	42,940.1	5,887.7	403.7	4,669.8	191.8
2001					
Purchase price		10,691.4	358.5	2,902.2	
Fair value	35,026.3				199.7
Redemption value	32,709.5				
2002					
Purchase price		9,093.5	361.6	3,673.2	
Fair value	37,673.7				1,675.8
Redemption value	34,230.8				
2003					
Purchase price		6,269.4	403.7	3,735.5	
Fair value	44,955.3				203.5
Redemption value	41,255.7				

Investment securities

The following table presents the purchase price less amortized cost (cost price in the case of equity securities) and the fair values at 31 December of investments in debt securities and other fixed-income securities and equity securities.

	2003			
	<i>Amortized cost or cost</i>	<i>Gross unrealized gains</i>	<i>Gross unrealized losses</i>	<i>Fair value</i>
Belgian government	7,496.7	595.0	(6.9)	8,084.8
Dutch government	1,878.7	71.0	(3.0)	1,946.7
U.S. government	811.1	59.6	(0.9)	869.8
German government	847.2	22.9	(1.6)	868.5
Spanish government	2,857.3	147.1	(0.2)	3,004.2
Italian government	1,760.7	63.2	(11.7)	1,812.2
French government	2,268.7	59.5	(20.6)	2,307.6
Other governments	4,192.1	195.1	(28.9)	4,358.3
Companies	8,355.2	400.2	(9.0)	8,746.4
Banks	6,573.3	324.3	(8.5)	6,889.1
Mortgage-backed securities	2,780.4	72.9	(11.6)	2,841.7
Other asset-backed securities	86.7	0.7	(0.8)	86.6
Other debt securities and fixed-income securities	3,032.0	108.1	(0.7)	3,139.4
Total debt securities and other fixed-income securities	42,940.1	2,119.6	(104.4)	44,955.3
Equity securities	6,269.4	317.1	(698.8)	5,887.7
Total investment securities	49,209.5	2,436.7	(803.2)	50,843.0

	2002			
	<i>Amortized cost or cost</i>	<i>Gross unrealized gains</i>	<i>Gross unrealized losses</i>	<i>Fair value</i>
Belgian government	8,212.1	759.4	(0.9)	8,970.6
Dutch government	1,595.3	83.3		1,678.6
U.S. government	979.0	70.7		1,049.7
German government	522.4	33.7		556.1
Spanish government	2,709.4	232.9	(1.0)	2,941.3
Italian government	1,016.3	87.4		1,103.7
French government	693.6	82.2		775.8
Other governments	2,680.5	132.0	(13.2)	2,799.3
Companies	8,299.1	434.9	(152.8)	8,581.2
Banks	6,324.6	479.3	(13.3)	6,790.6
Mortgage-backed securities	1,663.8	39.0	(88.7)	1,614.1
Other asset-backed securities	324.1	11.5		335.6
Other debt securities and fixed-income securities	469.1	10.9	(2.9)	477.1
Total debt securities and other fixed-income securities	35,489.3	2,457.2	(272.8)	37,673.7
Equity securities	9,093.5	495.4	(1,625.4)	7,963.5
Total investment securities	44,582.8	2,952.6	(1,898.2)	45,637.2

2001

	<i>Amortized cost or cost</i>	<i>Gross unrealized gains</i>	<i>Gross unrealized losses</i>	<i>Fair value</i>
Belgian government	8,657.7	450.6	(26.1)	9,082.2
Dutch government	1,735.3	8.3	(15.0)	1,728.6
U.S. government	810.2	55.0	(17.9)	847.3
German government	580.2	5.2	(7.2)	578.2
Spanish government	3,675.9	172.2	(2.8)	3,845.3
Italian government	755.7	16.5	(2.3)	769.9
French government	639.2	12.4	(2.7)	648.9
Other governments	2,264.0	45.8	(24.2)	2,285.6
Companies	6,884.9	217.1	(161.8)	6,940.2
Banks	5,741.5	162.7	(97.8)	5,806.4
Mortgage-backed securities	930.3	23.1	(4.3)	949.1
Other asset-backed securities	23.4	1.0	(0.6)	23.8
Other debt securities and fixed-income securities	1,520.2	26.0	(25.4)	1,520.8
Total debt securities and other fixed-income securities	34,218.5	1,195.9	(388.1)	35,026.3
Equity securities	10,691.4	2,252.9	(1,014.7)	11,929.6
Total investment securities	44,909.9	3,448.8	(1,402.8)	46,955.9

Gross realized gains and gross realized losses on the sale of investment securities (whether deferred or recognized in the profit and loss account) in 2003 are EUR 958.0 million and EUR 2,047.0 million, respectively (2002: EUR 514.0 million and EUR 1,022.3 million; 2001: EUR 824.0 million and EUR 307.8 million).

The following table reflects the maturities of investments in debt securities and other fixed-income securities and the related carrying and fair values at 31 December 2003.

	<i>Carrying value</i>	<i>Fair value</i>
Due in one year or less	2,605.8	2,661.1
Due from one year to five years	11,011.7	11,601.9
Due from five years to ten years	16,076.0	16,707.7
Due after ten years	13,246.6	13,984.6
Total	42,940.1	44,955.3

Investments in land and buildings

The following table is a summary of investments in land and buildings.

	2003	2002	2001
Land and buildings in company use	784.3	760.5	735.5
Other land and buildings	3,885.5	3,842.8	3,046.4
	4,669.8	4,603.3	3,781.9

The following table provides details of land and buildings by valuation date.

	<i>2003</i>	<i>2002</i>	<i>2001</i>	Insurance
2003	2,019.8			
2002	1,571.8	1,722.1		
2001	651.9	1,057.5	1,305.5	
2000	269.9	916.6	1,026.7	
1999	156.4	310.8	640.0	
1998		596.3	354.5	
1997			455.2	
	4,669.8	4,603.3	3,781.9	

A3 Loans and advances to customers

The following table provides information on loans and advances to customers.

	<i>2003</i>	<i>2002</i>	<i>2001</i>
Mortgage loans	5,399.0	10,728.4	9,754.0
Policyholder loans	180.3	191.9	202.5
Other private loans	5,078.3	5,609.9	6,164.7
	10,657.6	16,530.2	16,121.2

The amount of loans and advances to customers includes an allowance for doubtful debts of EUR 131.4 million (2002: EUR 118.9 million; 2001: EUR 103.3 million). Mortgage loans decreased due to the transfer of mortgages by the insurance segment to the banking segment (further information is provided in section 2 of the Annual Accounts).

A4 Deferred acquisition costs

Deferred acquisition costs refers to:

	<i>2003</i>	<i>2002</i>	<i>2001</i>
Life insurance	1,510.9	1,376.4	1,788.6
Non-life insurance	1,277.6	1,433.7	1,175.0
Deferred acquisition costs	2,788.5	2,810.1	2,963.6

The table below reflects the movements in deferred acquisition costs.

	<i>2003</i>	<i>2002</i>
Balance at 1 January	2,810.1	2,963.6
Recognized items	1,578.1	1,192.2
Amortization	(1,576.6)	(1,135.4)
Purchases and sales group companies	0.0	53.2
Other adjustments including exchange rate differences	(23.1)	(263.5)
Balance at 31 December	2,788.5	2,810.1

A5 Investments on behalf of policyholders

The following table presents the composition of investments on behalf of policyholders at 31 December.

	2003	2002	2001
Cash	98.3	33.8	44.2
Interest-bearing deposits in other banks	61.6	53.6	117.9
Debt securities	3,287.0	3,173.5	4,609.5
Shares	15,863.2	14,494.1	18,016.7
Land and buildings	446.6	413.9	420.8
Loans	72.3	97.1	114.5
Other	117.2	124.6	243.8
Total investments	19,946.2	18,390.6	23,567.4
Add: Other assets	435.2	364.0	107.9
Less: Other liabilities	(1.5)	(191.1)	(590.4)
Liability related to investments on behalf of policyholders	20,379.9	18,563.5	23,084.9

Investments on behalf of policy holders include EUR 26.5 million in Fortis shares (2002: EUR 28.8 million; 2001: EUR 29.9 million). Other assets and other liabilities relate to timing differences in the cash flows.

The table below provides information about the technical liability related to investments on behalf of policyholders.

	2003	2002	2001
Net of reinsurance	20,263.9	18,449.0	22,977.0
Reinsurance	116.0	114.5	107.9
Gross	20,379.9	18,563.5	23,084.9

A6 Other assets

Other assets consists of the following:

	2003	2002	2001
Participating interests:			
- valued by equity method	81.5	99.9	107.2
- Other	10.6	28.4	34.6
Receivable from participating interest	100.9	142.6	122.2
Other tangible fixed assets	199.9	226.6	205.9
Receivables arising from insurance operations:			
- Policyholders	225.8	223.2	261.1
- Intermediaries	581.4	887.9	728.1
Receivables arising from reinsurance operations	54.6	99.4	132.3
Other insurance receivables	2,761.2	1,749.4	1,241.2
Deposits with ceding companies	193.9	184.9	178.7
Deferred tax assets	1,352.0	1,690.7	1,963.8
Other	761.9	693.0	487.9
Total	6,323.7	6,026.0	5,463.0

Insurance

Other insurance receivables include EUR 1,314.8 million (2002: EUR 550.5 million; 2001: EUR 325.2 million) receivables from group companies. Other tangible fixed assets primarily consist of data processing systems, office equipment and motor vehicles.

The item other includes EUR 44.1 million of Fortis shares held by Fortis ASR to hedge the option and SAR plans (2002: EUR 51.2 million; 2001: EUR 57.2 million).

A7 Technical provisions

The following table reflects the composition of the insurance technical provisions own account.

	2003		
	<i>Gross</i>	<i>Reinsurance ¹⁾</i>	<i>Net of reinsurance</i>
Life insurance	50,828.2	2,227.7	48,600.5
Non-life insurance:			
- Unearned premiums	3,659.5	902.4	2,757.1
- Claims outstanding	9,471.9	2,235.8	7,236.1
Provision for bonuses and rebates ²⁾	174.1		174.1
Equalization provision ³⁾	130.0		130.0
Other technical provisions ⁴⁾	146.4	4.7	141.7
	64,410.1	5,370.6	59,039.5
	2002		
	<i>Gross</i>	<i>Reinsurance ¹⁾</i>	<i>Net of reinsurance</i>
Life insurance	47,673.3	2,364.2	45,309.1
Non-life insurance:			
- Unearned premiums	4,069.9	1,312.3	2,757.6
- Claims outstanding	9,578.3	2,335.4	7,242.9
Provision for bonuses and rebates ²⁾	162.7		162.7
Equalization provision ³⁾	119.6		119.6
Other technical provisions ⁴⁾	132.1	5.2	126.9
	61,735.9	6,017.1	55,718.8
	2001		
	<i>Gross</i>	<i>Reinsurance ¹⁾</i>	<i>Net of reinsurance</i>
Life insurance	46,028.1	3,543.5	42,484.6
Non-life insurance:			
- Unearned premiums	4,101.1	978.0	3,123.1
- Claims outstanding	8,769.7	2,255.5	6,514.2
Provision for bonuses and rebates ²⁾	310.5	0.2	310.3
Equalization provision ³⁾	140.2		140.2
Other technical provisions ⁴⁾	183.8	5.7	178.1
	59,533.4	6,782.9	52,750.5

1) Excluding reinsurance for investments on behalf of policy holders of EUR 116.0 million (2002: EUR 114.5 million; 2001: EUR 107.9 million).

2) Provisions for bonuses and rebates consisted of EUR 170.4 million at 31 December 2003 (2002: EUR 148.8 million; 2001: EUR 305.7 million) related to life insurance and EUR 3.6 million (2002: EUR 13.9 million; 2001: EUR 4.6 million) related to non-life insurance.

3) Equalization provision relates entirely to non-life insurance business.

4) Other technical provisions at 31 December 2003 consisted of EUR 55.3 million (2002: EUR 53.6 million; 2001: EUR 59.5 million) related to life insurance and EUR 86.4 million (2002: EUR 73.3 million; 2001: EUR 118.8 million) related to non-life insurance.

Life insurance technical provisions includes EUR 4,403.1 million (2002: EUR 4,136.3 million; 2001: EUR 3,960.6 million) in respect of pension commitments to Fortis employees.

As is stated in the principles of valuation, calculation of the insurance provision deviates from the rating principles if expectations of future developments in investment yields, withdrawals, mortality, costs or other assumptions give cause to increase the provision.

The table below reflects the roll-forward of technical provisions life, for own account.

	2003	2002
Balance at 1 January	45,309.1	42,484.6
Acquisitions and sale group companies	456.2	(28.2)
Increase to profit & loss account through change in technical provision	3,327.9	3,125.6
Increase to profit & loss account included in other items	40.1	815.1
Exchange rate differences in favour of profit & loss account	(592.8)	(711.6)
Other changes	41.8	(434.2)
Changes due to reclassification	18.2	57.8
Balance at 31 December	48,600.5	45,309.1

Technical provisions insurance, net of reinsurance by region is listed below.

	2003						
	<i>Belgium</i>	<i>Netherlands</i>	<i>Luxembourg</i>	<i>Benelux</i>	<i>United States</i>	<i>Rest of the world</i>	<i>Total</i>
Life							
- for own account	21,207.9	16,806.6	363.9	38,378.4	2,908.4	7,539.4	48,826.2
- for account of policyholders	6,728.7	7,636.9	1,760.8	16,126.4	3,011.2	1,126.2	20,263.8
Non-life	2,619.1	2,393.1	8.6	5,020.8	3,869.6	1,322.9	10,213.3
Total	30,555.7	26,836.6	2,133.3	59,525.6	9,789.2	9,988.5	79,303.3

	2002						
	<i>Belgium</i>	<i>Netherlands</i>	<i>Luxembourg</i>	<i>Benelux</i>	<i>United States</i>	<i>Rest of the world</i>	<i>Total</i>
Life							
- for own account	18,729.0	16,508.8	381.4	35,619.2	3,290.7	6,601.6	45,511.5
- for account of policyholders	6,529.1	6,437.7	1,159.4	14,126.2	3,236.7	1,086.1	18,449.0
Non-life	2,560.2	2,145.5	17.3	4,723.0	4,255.3	1,229.0	10,207.3
Total	27,818.3	25,092.0	1,558.1	54,468.4	10,782.7	8,916.7	74,167.8

	2001						
	<i>Belgium</i>	<i>Netherlands</i>	<i>Luxembourg</i>	<i>Benelux</i>	<i>United States</i>	<i>Rest of the world</i>	<i>Total</i>
Life							
- for own account	17,135.8	15,825.4	368.4	33,329.6	4,179.1	5,341.0	42,849.7
- for account of policyholders	7,435.2	8,135.1	826.6	16,396.9	5,304.0	1,276.1	22,977.0
Non-life	2,495.1	1,971.5	9.0	4,475.6	4,337.2	1,088.0	9,900.8
Total	27,066.1	25,932.0	1,204.0	54,202.1	13,820.3	7,705.1	75,727.5

Technical provisions of non-life insurance, net of reinsurance by line of business and by region is listed below.

2003

	<i>Accident and health</i>	<i>Motor</i>	<i>Fire</i>	<i>Other</i>	<i>Total</i>
Belgium	1,102.9	625.3	413.0	477.9	2,619.1
The Netherlands	1,114.5	670.6	210.5	397.5	2,393.1
Luxembourg	0.3		5.5	2.8	8.6
Benelux	2,217.7	1,295.9	629.0	878.2	5,020.8
United States	1,702.2			2,167.4	3,869.6
Rest of the world	30.1	940.0	195.5	157.3	1,322.9
Total	3,950.0	2,235.9	824.5	3,202.9	10,213.3

2002

	<i>Accident and health</i>	<i>Motor</i>	<i>Fire</i>	<i>Other</i>	<i>Total</i>
Belgium	1,062.2	618.8	402.4	476.8	2,560.2
The Netherlands	1,000.7	624.7	207.0	313.1	2,145.5
Luxembourg	0.3		5.0	12.0	17.3
Benelux	2,063.2	1,243.5	614.4	801.9	4,723.0
United States	1,900.0			2,355.3	4,255.3
Rest of the world	23.2	887.5	172.7	145.6	1,229.0
Total	3,986.4	2,131.0	787.1	3,302.8	10,207.3

2001

	<i>Accident and health</i>	<i>Motor</i>	<i>Fire</i>	<i>Other</i>	<i>Total</i>
Belgium	1,013.5	612.1	418.5	451.0	2,495.1
The Netherlands	896.0	614.1	193.2	268.2	1,971.5
Luxembourg	0.3		5.0	3.7	9.0
Benelux	1,909.8	1,226.2	616.7	722.9	4,475.6
United States	2,230.5			2,106.7	4,337.2
Rest of the world	22.2	789.5	148.0	128.3	1,088.0
Total	4,162.5	2,015.7	764.7	2,957.9	9,900.8

The roll-forward of the non-life provisions (claims outstanding), net of reinsurance is listed below.

	2003	2002
Balance at 1 January	7,242.9	6,514.2
Purchases and sales group companies		
Adjusted net opening balance at 1 January	7,242.9	6,514.2
Claims and claims expense, net of reinsurance:		
- Provision attributable to prior years	(179.7)	(79.6)
- Provision attributable to current year	3,655.4	5,022.8
- Interest accrual of provision for disability losses	6.8	7.6
Total claims and claims expenses	3,482.5	4,950.8
Payment for claims and claims expense:		
- Attributable to the prior years	(1,092.0)	(1,396.6)
- Attributable to the current year	(1,785.0)	(2,936.3)
Total payment, net of reinsurance	(2,877.0)	(4,332.9)
Foreign currency translation adjustments	(506.2)	(435.4)
Other charges	(106.1)	546.2
Balance at 31 December	7,236.1	7,242.9

A8 Other liabilities

Other liabilities consists of:

	2003	2002	2001
Pensions and early retirement benefits	407.1	629.5	482.5
Taxes and other social security charges	437.7	390.7	665.7
Deferred tax liabilities	1,682.4	2,095.5	1,990.4
Deposits from reinsurers	413.1	433.6	546.9
Creditors arising from direct insurance operations ¹⁾	630.3	462.6	640.9
Creditors arising from reinsurance operations ¹⁾	102.7	140.8	362.9
Other provisions	136.1	144.2	160.0
Other ²⁾	4,212.1	3,061.9	5,735.2
Total	8,021.5	7,358.8	10,584.5

1) Liabilities arising from direct insurance and reinsurance operations have terms primarily of five years or less.

2) Other liabilities includes EUR 884,4 million (2002: EUR 1,040,0 million; 2001: EUR 2,651.8 million) payable to group companies.

A9 Convertible notes

This concerns convertible notes granted by Fortis ASR to Fortis ASR employees. Outstanding notes amounted to EUR 45,741 at year-end 2003.

A10 Subordinated liabilities

The table below gives a description of subordinated liabilities.

	<i>2003</i>	<i>2002</i>	<i>2001</i>
Loan from Fortis Insurance N.V. (General sector)			
Capital USD 499,850; 26-04-1999 / 27-04-2009; 7.892%		476.6	567.2
Capital Proceeds Trust I; 01-03-2000 / 01-03-2030; 8.48%		143.0	170.2
Capital Proceeds Trust II; 01-03-2000 / 01-03-2030; 8.40%		381.4	453.9
Loan from Fortis Finance N.V.: Perpetual cumulative subordinated bonds 2001; 6.625%.	540.0	540.0	540.0
Perpetual loan from Fortis Brussels SA/NV with a coupon of 5.76% and 6.76% from 2005 onwards.	150.0	150.0	150.0
Mandatory redeemable preferred shares issued by Fortis for USD 200 million (200,000 shares with a par value of USD 1,000). The securities mature at 27-04-2009.	155.5	190.7	226.9
Third-party loan, convertible in Fortis shares at a price of EUR 33.56 and maturing on 15-07-2005.	123.5	123.5	123.5
Loan from Fortis Bank SA/NV with a coupon of 4.10% and maturing on 30-06-2008	100.0		
Other subordinated liabilities denominated in various currencies with various interest rates and maturities.	267.8	256.0	243.9
Total subordinated liabilities	1,336.8	2,261.2	2,475.6

A11 Minority interests in group equity

Minority interest in group equity includes EUR 650 million of Trust Capital Securities issued by a Special Purpose Vehicle. This matter is described in detail in note 7 'Minority interests in group equity'.

A12 Off-balance-sheet transactions

To hedge interest rate exposure, the insurance operations have entered into a number of swap contracts. The nominal value of all contracts is EUR 2,236.6 million (2002: EUR 621.1 million; 2001: EUR 1,749.5 million) and the positive replacement value is EUR 95.0 million (2002: EUR 33.9 million; 2001: EUR 547.9 million).

A13 Insurance premiums

The table below reflects the insurance premiums broken down into life insurance and non-life insurance.

	2003	2002	2001
Life insurance:			
Gross premiums	9,531.1	9,754.3	10,681.7
Ceded reinsurance premiums	(125.9)	(155.1)	(484.0)
Net premiums	9,405.2	9,599.2	10,197.7
Non-life insurance:			
Gross premiums written	11,286.2	11,858.5	10,932.2
Ceded reinsurance premiums	(2,302.0)	(2,706.8)	(2,650.8)
Net premiums	8,984.2	9,151.7	8,281.4
Change in provision for unearned premiums	(201.2)	(170.8)	(301.5)
Change in provision for ceded unearned premiums	(46.2)	(85.4)	(15.3)
Net premiums earned	8,736.8	8,895.5	7,964.6
Total net premiums earned	18,142.0	18,494.7	18,162.3

Life insurance

The table below provides information on life insurance premiums.

	2003	2002	2001
Individual premiums	7,659.0	7,192.2	8,387.6
Premiums under group contracts	1,872.1	2,562.1	2,294.1
Gross premiums	9,531.1	9,754.3	10,681.7
Periodic premiums	4,284.6	4,291.8	3,958.2
Single premiums	5,246.5	5,462.5	6,723.5
Gross premiums	9,531.1	9,754.3	10,681.7
Premiums from:			
Non-bonus contracts	2,211.8	2,919.4	2,367.0
Bonus contracts	4,963.8	4,562.5	4,178.8
Contracts where the policyholders bear the investment risk	2,355.5	2,272.4	4,135.9
Gross premiums	9,531.1	9,754.3	10,681.7
Individual contracts:			
- Periodic premiums	2,124.9	2,250.3	2,003.3
- Single premiums	3,486.3	2,912.3	2,900.0
Premiums group contracts	1,564.4	2,319.3	1,642.5
Investment-linked premiums	2,355.5	2,272.4	4,135.9
Gross premiums	9,531.1	9,754.3	10,681.7

Non-life insurance

The table below provides details by region of earned net non-life insurance premiums.

	2003			
	<i>Accident and health</i>	<i>Motor</i>	<i>Fire</i>	<i>Other</i>
Belgium	292.7	349.2	312.5	141.2
The Netherlands	699.0	523.8	316.9	367.2
Luxembourg	0.7		7.6	2.0
Benelux	992.4	873.0	637.0	510.4
United States	2,731.0			2,001.9
Rest of the world	71.6	637.9	200.6	81.0
Total	3,795.0	1,510.9	837.6	2,593.3

	2002			
	<i>Accident and health</i>	<i>Motor</i>	<i>Fire</i>	<i>Other</i>
Belgium	286.4	304.3	294.7	132.1
The Netherlands	644.5	485.1	292.3	308.8
Luxembourg	0.4		6.9	2.3
Benelux	931.3	789.4	593.9	443.2
United States	3,064.3			2,096.1
Rest of the world	57.2	676.1	181.5	62.5
Total	4,052.8	1,465.5	775.4	2,601.8

	2001			
	<i>Accident and health</i>	<i>Motor</i>	<i>Fire</i>	<i>Other</i>
Belgium	267.4	282.0	265.5	109.1
The Netherlands	571.5	454.9	256.2	249.6
Luxembourg	0.4		7.1	2.0
Benelux	839.3	736.9	528.8	360.7
United States	2,805.9			1,804.6
Rest of the world	53.7	606.2	152.8	75.7
Total	3,698.9	1,343.1	681.6	2,241.0

A14 Results from financial transactions

The table below provides information on net results from financial transactions.

	2003	2002	2001
Gains from investments on behalf of policyholders (realized and unrealized)	1,365.2	96.3	226.4
Loss from investments on behalf of policyholders (realized and unrealized)	(342.9)	(3,515.3)	(2,725.9)
Total	1,022.3	(3,419.0)	(2,499.5)

	2003	2002	2001
Realized gains on sale of investments	1,107.8	539.1	538.8
Realized losses on sale of investments	(2,101.2)	(1,240.7)	(348.6)
Total	(993.4)	(701.6)	190.2

A15 Other revenues

The table below provides information on other revenues.

	2003	2002	2001
Dividends from equity securities	245.5	348.4	377.3
Rental income land and buildings	510.5	419.6	285.4
Participations in investment pools	4.9	16.1	15.1
Other investments	15.3	82.1	67.4
Revenues from participating interests	25.5	15.6	6.4
Sales revenue project development	211.0	125.9	100.2
Other	490.3	533.8	484.2
Total	1,503.0	1,541.5	1,336.0

Land and buildings include rental income related to land and buildings rented to third parties amounting to EUR 469.3 million (2002: EUR 375.1 million; 2001: EUR 244.1 million). The remaining EUR 41.2 million (2002: EUR 44.6 million; 2001: EUR 41.2 million) relates to real estate in company use of which EUR 31.8 million (2002: EUR 35.4 million; 2001: EUR 32.5 million) relates to land and buildings in use by insurance companies and EUR 9.4 million (2002: EUR 9.1 million; 2001: EUR 8.7 million) relates to land and buildings in use by other Fortis companies.

Revenues from participating interests includes EUR 0.2 million, negative (2002: EUR 4.4 million, positive; 2001: EUR 3.2 million, negative) related to the share in the result of participating interest valued by the equity method held by the insurance operations.

A16 Technical charges insurance

The following table summarizes the technical charges insurance.

	<i>2003</i>	<i>2002</i>	<i>2001</i>
Life insurance			
Benefits and surrenders, net of reinsurance:			
- Gross	6,119.9	6,474.6	5,298.8
- Reinsurers' share	(96.7)	(155.5)	(665.3)
	<u>6,023.2</u>	<u>6,319.1</u>	<u>4,633.5</u>
Changes in life insurance technical provisions:			
- Gross	5,289.6	1,234.3	2,874.6
- Reinsurers' share	(24.2)	(414.7)	689.6
- Other changes, net of reinsurance	12.8	(17.4)	(3.6)
	<u>5,278.2</u>	<u>802.2</u>	<u>3,560.6</u>
Bonuses and rebates, net of reinsurance	167.7	92.8	187.0
Other	6.5	6.2	14.6
Total life insurance	<u>11,475.6</u>	<u>7,220.3</u>	<u>8,395.7</u>
Non-life insurance			
Claims and claims paid:			
- Gross	6,098.1	6,536.2	5,810.2
- Reinsurers' share	(1,173.5)	(1,306.5)	(1,136.7)
	<u>4,924.6</u>	<u>5,229.7</u>	<u>4,673.5</u>
Changes in non-life insurance technical provisions:			
- Gross	665.2	664.8	584.6
- Reinsurers' share	(149.2)	(221.8)	(246.5)
- Other changes, net of reinsurance	1.1	1.0	1.4
	<u>517.1</u>	<u>444.0</u>	<u>339.5</u>
Bonuses and rebates, net of reinsurance	4.8	6.4	5.8
Change in equalization provision	10.4	(20.5)	3.3
Other	19.6	16.2	22.4
Total non-life insurance	<u>5,476.5</u>	<u>5,675.8</u>	<u>5,044.5</u>
Total technical charges insurance	16,952.1	12,896.1	13,440.2

The net effect of reinsurance items associated with the life insurance operations are charged or credited to the profit and loss account. In 2003, the net effect amounts to EUR 8.5 million, negative (2002: EUR 434.3 million, negative; 2001: EUR 318.9 million, positive).

A17 Operating expenses

The following table provides information on operating expenses.

	2003	2002	2001
Wages and salaries	1,070.5	1,124.3	1,076.7
Social charges:			
- Pension and early retirement	121.2	146.0	111.4
- Other social charges	155.7	170.8	164.6
Depreciation and amortization	80.1	88.8	57.5
Investment management	356.5	298.0	164.6
Commissions:			
- Life insurance	492.3	515.6	813.2
- Non-life insurance	2,654.1	2,809.1	2,610.5
Change in deferred acquisition costs	(29.8)	(137.0)	(169.5)
Reinsurance commission and profit participation	(747.3)	(881.9)	(1,003.6)
Value (re)adjustments land and buildings			9.4
Costs project development	181.9	104.8	78.8
Other	805.6	874.1	1,048.1
Total	5,140.8	5,112.6	4,961.7

Insurance

Wages and salaries include an amount of EUR 18.9 million (2002: EUR 18.9 million; 2001: EUR 22.2 million) in respect of commissions paid to salaried agents.

Investment management and technical charges insurance (see A16) include EUR 118.6 million related to salaries and social charges (2002: EUR 118.9 million; 2001: EUR 107.3 million).

A18 Reconciliation of technical accounts

In compliance with statutory requirements, the tables below present the technical result life, technical result non-life and non-technical accounts.

Technical result life

	2003	2002	2001
Insurance premiums	9,405.1	9,599.1	10,197.7
Allocated investment result, from non-technical account	3,856.2	(589.9)	177.7
Other technical income, net of reinsurance	6.9	1.6	3.6
Other income	384.6	322.6	327.8
	<u>4,247.7</u>	<u>(265.7)</u>	<u>509.1</u>
Benefits and surrenders, net of reinsurance	6,023.2	6,319.1	4,633.5
Changes in technical provisions	5,278.2	802.2	3,560.6
Bonuses and rebates, net of reinsurance	167.8	92.8	187.0
Operating expenses:			
- Acquisition costs	640.6	675.5	1,049.8
- Change in deferred acquisition costs	47.7	(5.1)	(35.4)
- Administrative expenses	461.6	508.1	589.2
- Reinsurance commissions and profit participation	(13.1)	(19.9)	(188.7)
	<u>1,136.8</u>	<u>1,158.6</u>	<u>1,414.9</u>
Other technical charges, net of reinsurance	6.5	6.2	14.7
Other charges	218.8	137.6	141.4
Result technical account life insurance before taxation	<u>821.5</u>	<u>816.9</u>	<u>754.7</u>

Technical result non-life

	2003	2002	2001
Insurance premiums	8,736.8	8,895.5	7,964.6
Allocated investment result from non-technical account	488.3	558.5	551.8
Other technical income, net of reinsurance	12.1	13.9	11.1
Other income	297.8	316.8	231.1
	<u>798.2</u>	<u>889.2</u>	<u>794.0</u>
Claims, net of reinsurance:			
- Claims paid, gross	6,098.1	6,536.2	5,810.2
- Reinsurers' share	(1,173.5)	(1,306.5)	(1,136.7)
	<u>4,924.6</u>	<u>5,229.7</u>	<u>4,673.5</u>
- Change in provision for claims, gross	665.2	664.8	584.6
- Reinsurers' share	(149.1)	(221.8)	(246.4)
	<u>5,440.7</u>	<u>5,672.7</u>	<u>5,011.7</u>
Change in other technical provisions, net of reinsurance	1.1	1.0	1.4
Bonuses and rebates, net of reinsurance	4.8	6.4	5.8
Operating expenses:			
- Acquisition costs	2,919.2	3,004.8	2,826.5
- Change in deferred acquisition costs	(77.5)	(131.9)	(134.1)
- Administrative expenses	1,317.3	1,558.3	1,316.8
- Reinsurance commissions and profit participation	(734.2)	(862.0)	(815.0)
	<u>3,424.8</u>	<u>3,569.2</u>	<u>3,194.2</u>
Other technical charges, net of reinsurance	19.5	16.1	22.3
Change in equalization provision	10.4	(20.5)	3.3
Other charges	16.8	7.1	27.6
	<u>616.9</u>	<u>532.7</u>	<u>492.3</u>
Result technical account non-life insurance before taxation	616.9	532.7	492.3

Insurance

The following table presents the technical result by region.

							2003
	Belgium	The Netherlands	Luxembourg	Benelux	United States	Rest of the world	Total
Life	413.7	264.7	2.5	680.9	118.2	22.4	821.5
Non-life	199.0	56.4	1.1	256.5	282.7	77.7	616.9
Total	612.7	321.1	3.6	937.4	400.9	100.1	1,438.4
	Belgium	The Netherlands	Luxembourg	Benelux	United States	Rest of the world	Total
Life	372.9	278.5	7.1	658.5	167.7	(9.3)	816.9
Non-life	104.3	49.5	1.5	155.3	300.6	76.8	532.7
Total	477.2	328.0	8.6	813.8	468.3	67.5	1,349.6
	Belgium	The Netherlands	Luxembourg	Benelux	United States	Rest of the world	Total
Life	333.6	231.3	3.9	568.8	155.2	30.7	754.7
Non-life	86.5	54.3	2.6	143.4	279.5	69.4	492.3
Total	420.1	285.6	6.5	712.2	434.7	100.1	1,247.0

The following table reflects the technical result non-life by line of business and by region.

	2003				
	<i>Accident and health</i>	<i>Motor</i>	<i>Fire</i>	<i>Other</i>	<i>Total</i>
Belgium	59.6	68.4	59.4	11.6	199.0
The Netherlands	90.6	(23.4)	10.0	(20.8)	56.4
Luxembourg	0.2	0.0	0.9	0.0	1.1
Benelux	150.4	45.0	70.3	(9.2)	256.5
United States	184.9			97.8	282.7
Rest of the world	3.8	56.2	6.9	10.8	77.7
Total	339.1	101.2	77.2	99.4	616.9

	2002				
	<i>Accident and health</i>	<i>Motor</i>	<i>Fire</i>	<i>Other</i>	<i>Total</i>
Belgium	40.2	27.5	29.2	7.4	104.3
The Netherlands	69.0	(14.6)	2.1	(7.0)	49.5
Luxembourg	0.0	(0.0)	0.7	0.8	1.5
Benelux	109.2	12.9	32.0	1.2	155.3
United States	180.0			120.6	300.6
Rest of the world	5.7	80.6	(7.7)	(1.8)	76.8
Total	294.9	93.5	24.3	120.0	532.7

	2001				
	<i>Accident and health</i>	<i>Motor</i>	<i>Fire</i>	<i>Other</i>	<i>Total</i>
Belgium	38.5	3.4	23.5	21.1	86.5
The Netherlands	36.7	(0.3)	8.7	9.2	54.3
Luxembourg	0.0	0.0	2.3	0.3	2.6
Benelux	75.2	3.1	34.5	30.6	143.4
United States	140.0			139.5	279.5
Rest of the world	3.0	54.0	2.2	10.2	69.4
Total	218.2	57.1	36.7	180.3	492.3

Insurance

Ratios

The ratios by region are:

	2003						
	Belgium	The Netherlands	Luxembourg	Benelux	United States	Rest of the world	Total
Claims ratio	57.3	65.5	39.9	62.4	55.0	71.3	59.4
Expense ratio	36.8	34.7	52.1	35.5	49.0	28.9	42.1
Combined ratio	94.1	100.2	92.0	97.9	104.0	100.2	101.5
	2002						
	Belgium	The Netherlands	Luxembourg	Benelux	United States	Rest of the world	Total
Claims ratio	66.5	66.5	27.0	66.4	55.2	71.9	60.5
Expense ratio	38.2	36.3	62.1	37.1	49.7	28.0	43.4
Combined ratio	104.7	102.8	89.1	103.5	104.9	99.9	103.9
	2001						
	Belgium	The Netherlands	Luxembourg	Benelux	United States	Rest of the world	Total
Claims ratio	63.7	64.3	32.8	63.9	56.0	70.0	60.0
Expense ratio	39.4	37.5	44.1	38.2	48.1	30.1	43.0
Combined ratio	103.1	101.8	76.9	102.1	104.1	100.1	103.0

Claims ratio: the cost of claims, net of reinsurance in non-life, as a percentage of the earned premiums, excluding the internal costs of handling non-life claims.

Expense ratio: expenses, i.e. costs plus net commissions charged to the financial year, less internal investment costs as a percentage of the earned premiums, net of reinsurance. The expense ratio is used for non-life insurance companies only.

Combined ratio: the sum of the claims ratio and the expense ratio. The combined ratio does not take account of commissions received.

Non-technical account

	2003	2002	2001
Investment income:			
- Land and buildings	510.5	419.6	285.4
- Participating interests	25.5	15.6	6.4
- Other investments	3,733.7	3,737.9	3,618.2
- Investments on behalf of policyholders	322.6	460.6	409.8
Value re-adjustments on investments	7.1	3.6	11.8
Realized gains on investments	1,107.8	539.1	538.8
Realized/unrealized gains on investments on behalf of policyholders	1,365.2	96.3	226.4
	<u>7,072.4</u>	<u>5,272.7</u>	<u>5,096.8</u>
Administrative expenses and interest charges	1,132.6	1,047.1	852.7
Value adjustments on investments	6.3	2.5	21.6
Realized losses on investments	2,101.2	1,240.7	348.6
Realized / unrealized losses on investments on behalf of policyholders	342.9	3,515.3	2,725.9
	<u>3,583.0</u>	<u>5,805.6</u>	<u>3,948.8</u>
Result on investment	<u>3,489.4</u>	<u>(532.9)</u>	<u>1,148.0</u>
Allocated investment result, to technical accounts:			
- Life insurance	3,856.2	(589.9)	177.7
- Non-life insurance	488.3	558.4	551.8
	<u>4,344.5</u>	<u>(31.5)</u>	<u>729.5</u>
Result on investment non-technical account	<u>(855.1)</u>	<u>(501.4)</u>	<u>418.5</u>
Other income		4.8	10.9
Other charges		1.9	9.6
		<u>2.9</u>	<u>1.3</u>
Result non-technical account before taxation	<u>(855.1)</u>	<u>(498.5)</u>	<u>419.8</u>

Insurance

A19 Financial information about non-life insurance

The table below provides financial information on the non-life insurance business activities by line of business.

	<i>Gross premiums written</i>	<i>Gross premiums earned</i>	<i>Gross claims incurred</i>	<i>Gross operating expenses</i>	<i>Rein- surance balance ¹⁾</i>
2003					
Accident and health	4,308.7	4,284.4	3,109.2	1,171.4	15.6
Motor, third-party	820.0	813.8	615.3	214.7	1.4
Motor, other lines	722.1	719.0	490.9	203.6	0.8
Marine, aviation and transport	189.8	191.5	147.6	43.3	(10.4)
Fire and other damage to property	1,038.0	1,010.2	519.5	387.6	(76.7)
Liability	284.5	272.1	181.5	95.7	(17.0)
Legal aid	41.7	41.5	23.7	10.6	(8.9)
Assistance	19.4	19.3	14.4	3.1	0.6
Miscellaneous ²⁾	3,862.0	3,733.2	1,661.1	2,023.4	(202.4)
Total	11,286.2	11,085.0	6,763.2	4,153.4	(297.0)
2002					
Accident and health	4,614.2	4,599.1	3,378.9	1,272.3	(24.6)
Motor, third-party	777.1	775.1	590.1	202.8	(5.1)
Motor, other lines	742.8	731.0	529.4	201.1	7.9
Marine, aviation and transport	169.6	161.0	130.2	40.5	0.4
Fire and other damage to property	963.2	949.2	593.5	364.5	(42.0)
Liability	249.3	242.3	187.6	87.1	3.9
Legal aid	40.2	40.6	22.2	10.0	(6.0)
Assistance	18.1	18.3	14.8	3.0	0.6
Miscellaneous ²⁾	4,284.0	4,171.2	1,754.2	2,259.2	(327.6)
Total	11,858.5	11,687.8	7,200.9	4,440.5	(392.5)
2001					
Accident and health	4,240.0	4,218.5	3,145.0	1,109.9	(47.4)
Motor, third-party	694.5	690.1	579.8	198.1	21.0
Motor, other lines	750.4	736.3	536.3	197.3	21.3
Marine, aviation and transport	135.2	135.6	95.0	44.2	(7.1)
Fire and other damage to property	850.0	828.7	481.4	338.4	(10.1)
Liability	212.5	208.7	138.3	78.6	(2.0)
Legal aid	37.6	36.9	20.7	11.5	(5.2)
Assistance	16.6	16.6	12.1	1.1	(0.1)
Miscellaneous ²⁾	3,995.4	3,759.3	1,386.2	2,031.9	(436.5)
Total	10,932.2	10,630.7	6,394.8	4,011.0	(466.1)

1) Represents net effect of reinsurance items recorded in the profit and loss account. A negative number means a charge to Fortis.

2) 'Miscellaneous' concerns mainly credit-related insurance in the United States.

Balance sheet banking

	Note	31-12-2003	31-12-2002	31-12-2001
Assets				
Cash	B1	6,890.0	3,290.7	4,555.2
Trading securities	B2	23,458.2	14,518.2	19,447.0
Investments	B3	103,799.7	89,978.6	96,866.9
Loans and advances to credit institutions	B4	77,980.9	82,282.8	62,459.9
Loans and advances to customers	B5	174,402.0	158,591.1	164,089.8
Prepayments and accrued income		27,000.7	26,652.2	18,652.4
Other assets	B6	10,447.4	10,067.5	11,922.9
Total assets		423,978.9	385,381.1	377,994.1
Liabilities				
Amounts owed to credit institutions	B7	109,036.2	98,772.6	98,273.7
Amounts owed to customers	B8	201,805.2	179,566.4	181,324.8
Debt certificates	B10	37,938.5	40,230.3	42,415.9
Accruals and deferred income		26,628.3	25,299.7	18,303.8
Other liabilities	B11	27,195.6	20,565.1	15,767.9
Subordinated liabilities	B12	9,566.7	9,524.1	9,985.6
		412,170.5	373,958.2	366,071.7
Fund for general banking risks	B13	2,209.1	2,215.0	2,216.7
Minority interest in group equity	B14	934.7	954.3	798.6
Net equity		8,664.6	8,253.6	8,907.1
Group equity		9,599.3	9,207.9	9,705.7
Total liabilities		423,978.9	385,381.1	377,994.1

Profit and loss account banking

	Note	2003	2002	2001
Revenues:				
Interest income ¹⁾		23,751.0	23,373.3	20,818.6
Commissions and fees	B18	1,801.6	1,860.7	1,978.4
Results from financial transactions ²⁾	B19	852.4	809.9	1,002.5
Other revenues	B20	749.6	726.7	897.3
Total revenues		27,154.6	26,770.6	24,696.8
Interest expense ¹⁾	B21	(19,370.9)	(18,961.5)	(16,414.6)
Total revenues, net of interest expense	B17	7,783.7	7,809.1	8,282.2
Value adjustments	B22	(761.7)	(732.3)	(625.8)
Net revenues		7,022.0	7,076.8	7,656.4
Operating expenses	B23	(5,128.1)	(5,168.2)	(5,657.9)
Operating result before taxation		1,893.9	1,908.6	1,998.5
Taxation		(448.9)	(591.5)	(693.0)
Operating group profit		1,445.0	1,317.1	1,305.5
Minority interests		55.2	64.6	67.1
Net operating profit before value differences		1,389.8	1,252.5	1,238.4
Value differences on the equity portfolio ³⁾		56.2	(97.7)	
Net operating profit		1,446.0	1,154.8	
Non-operating items after taxation		49.2	138.0	(34.2)
Net profit		1,495.2	1,292.8	1,204.2
1) Net interest income		4,380.1	4,411.8	4,404.0

2) Including the results of hedging transactions and total realized gains.

3) Including the results of hedging transactions and unrealized value differences on the equity portfolio.

Notes to the balance sheet and profit and loss account banking

B1 Cash

Cash includes legal tender and balances at central banks that are repayable on demand. Certain cash balances are subject to restrictions, including reserve requirements set by the European Central Bank. At 31 December 2003 an amount of EUR 5,711.6 million was subject to withdrawal and usage restrictions (2002: EUR 1,795.6 million; 2001: EUR 3,138.6 million).

B2 Trading securities

The table below reflects the composition of trading securities.

	<i>2003</i>	<i>2002</i>	<i>2001</i>
Debt securities	19,282.0	10,886.0	12,204.5
Equity securities	4,176.2	3,632.2	7,242.5
Total	23,458.2	14,518.2	19,447.0

As per 31 December 2003 equity securities include EUR 73.3 million of Fortis shares (2002: EUR 83.3 million; 2001: EUR 75.1 million). Nearly all securities of the trading portfolio are listed.

B3 Investments

The composition of investments at 31 December is as follows:

	<i>2003</i>	<i>2002</i>	<i>2001</i>
Treasury bills	27.0	225.2	1,240.6
Debt securities	100,546.4	85,978.6	91,652.8
Equity securities	1,267.0	1,820.5	1,915.2
	101,840.4	88,024.3	94,808.6
Investments in real estate	1,959.3	1,954.3	2,058.3
Total	103,799.7	89,978.6	96,866.9

Debt securities and other fixed-income securities can be further analyzed as follows:

	2003	2002	2001
Public bodies issued	73,889.3	62,951.2	66,328.9
Other borrowers	26,657.1	23,027.4	25,323.9
Total	100,546.4	85,978.6	91,652.8
Listed ¹⁾	78,728.5	70,864.3	80,246.7
Unlisted	21,817.9	15,114.3	11,406.1
Total	100,546.4	85,978.6	91,652.8

1) Fair value is EUR 80,238.6 million (2002: EUR 73,256.6 million; 2001: EUR 81,180.4 million).

Of the debt securities and other fixed-income securities an amount of EUR 18,610.9 million is due next year (2002: EUR 23,098.3 million; 2001: EUR 17,291.5 million). Debt securities and other fixed-income securities include an amount of EUR 351.3 million of subordinated loans (2002: EUR 227.6 million; 2001: EUR 350.5 million).

Equity securities can be further detailed as follows:

	2003	2002	2001
Listed	465.3	970.7	1,397.9
Unlisted	801.7	849.8	517.3
Total	1,267.0	1,820.5	1,915.2

Equity securities includes EUR 12.4 million in Fortis shares (2002: EUR 14.1 million; 2001: EUR 19.7 million).

The table below reflects the roll-forward of investments in banking.

	2003			2002		
	Debt securities and other fixed income securities	Equity securities	Land and buildings	Debt securities and other fixed income securities	Equity securities	Land and buildings
Opening balance at 1 January	85,978.6	1,820.5	1,954.3	91,652.8	1,915.2	2,058.3
Acquisitions and sales						
group companies	(118.9)	(427.4)	(11.3)	(0.1)	(88.5)	(14.2)
Purchases	67,673.0	445.1	34.7	38,163.0	1,660.1	48.3
Book value of sales and redemptions	(51,194.8)	(566.0)	(67.2)	(42,264.2)	(1,608.4)	(69.9)
Revaluations		1.0	74.8		(8.6)	(65.1)
Unrealized capital gains / losses						
included in P&L		13.4			(67.5)	
Exchange rate differences	(1,786.9)	(29.5)	(28.7)	(1,541.5)	(42.3)	(20.8)
Reclassifications	(4.6)	9.9	2.7	(31.4)	60.5	17.7
Closing balance at 31 December	100,546.4	1,267.0	1,959.3	85,978.6	1,820.5	1,954.3
Purchase price		1,271.9	1,841.4		1,888.1	1,934.1
Fair value	102,128.6			88,371.1		
Redemption value	99,285.5			84,663.8		

Investment securities

The following table reflects the amortized cost (cost in the case of equity securities) and the approximate fair value at 31 December of investments in debt securities and other fixed-income securities and equity securities.

2003

	<i>Amortized cost or cost</i>	<i>Gross unrealized gains</i>	<i>Gross unrealized losses</i>	<i>Fair value</i>
Belgian government	18,519.1	660.6	(38.9)	19,140.8
Dutch government	6,827.1	172.6	(38.1)	6,961.6
U.S. government	3,285.0	16.0	(11.4)	3,289.6
German government	4,984.0	43.4	(52.9)	4,974.5
Spanish government	3,583.5	121.5	(14.4)	3,690.6
Italian government	23,721.1	300.9	(63.9)	23,958.1
French government	4,059.3	101.8	(34.2)	4,126.9
Other governments	8,910.3	241.9	(63.8)	9,088.4
Companies	5,758.6	95.3	(14.4)	5,839.5
Banking	10,453.9	217.7	(17.2)	10,654.4
Mortgage-backed securities	5,179.7	8.5	(9.9)	5,178.3
Other asset-backed securities	4,352.4	9.0	(42.8)	4,318.6
Other debt securities and fixed income securities	912.4	21.1	(26.2)	907.3
Total debt securities and other fixed-income securities	100,546.4	2,010.3	(428.1)	102,128.6
Equity securities	1,261.5	79.3	(73.8)	1,267.0
Total investment securities	101,807.9	2,089.6	(501.9)	103,395.6

2002

	<i>Amortized cost or cost</i>	<i>Gross unrealized gains</i>	<i>Gross unrealized losses</i>	<i>Fair value</i>
Belgian government	19,634.4	939.3	(7.3)	20,566.4
Dutch government	8,120.9	239.3		8,360.2
U.S. government	2,365.4	13.9	(1.0)	2,378.3
German government	3,596.3	59.0	(0.1)	3,655.2
Spanish government	7,422.7	159.2	(0.9)	7,581.0
Italian government	12,301.1	347.9	(0.5)	12,648.5
French government	2,779.3	57.7	(0.6)	2,836.4
Other governments	6,731.3	295.5	(20.9)	7,005.9
Companies	8,004.2	98.2	(22.8)	8,079.6
Banking	7,697.0	273.2	(12.8)	7,957.4
Mortgage-backed securities	3,485.6	0.8	(0.3)	3,486.1
Other asset-backed securities	2,303.3	0.6	(30.6)	2,273.3
Other debt securities and fixed income securities	1,537.1	10.9	(5.2)	1,542.8
Total debt securities and other fixed-income securities	85,978.6	2,495.5	(103.0)	88,371.1
Equity securities	1,888.1	105.3	(172.9)	1,820.5
Total investment securities	87,866.7	2,600.8	(275.9)	90,191.6

2001

	<i>Amortized cost or cost</i>	<i>Gross unrealized gains</i>	<i>Gross unrealized losses</i>	<i>Fair value</i>
Belgian government	25,415.0	567.8	(107.1)	25,875.7
Dutch government	7,351.2	24.7	(47.5)	7,328.4
U.S. government	2,469.8	9.9	(3.9)	2,475.8
German government	5,085.7	32.1	(15.6)	5,102.2
Spanish government	6,432.3	63.5	(12.5)	6,483.3
Italian government	10,460.4	150.6	(15.4)	10,595.6
French government	2,157.0	12.2	(16.2)	2,153.0
Other governments	6,822.5	178.7	(91.2)	6,910.0
Companies	8,005.0	68.6	(35.7)	8,037.9
Banking	9,291.9	191.2	(72.8)	9,410.3
Mortgage-backed securities	3,189.2	1.2	(0.9)	3,189.5
Other asset-backed securities	2,431.2	5.1	(29.5)	2,406.8
Other debt securities and fixed income securities	2,541.6	111.1	(34.5)	2,618.2
Total debt securities and other fixed-income securities	91,652.8	1,416.7	(482.8)	92,586.7
Equity securities	1,962.7	127.4	(174.9)	1,915.2
Total investment securities	93,615.5	1,544.1	(657.7)	94,501.9

Banking

The following table presents the maturities and related carrying and fair value of debt securities and other fixed-income securities and treasury bills at 31 December 2003.

	<i>Carrying value</i>	<i>Fair value</i>
Due in one year or less	18,637.9	18,899.2
Due from one year to five years	38,483.1	39,445.9
Due from five years to ten years	29,885.9	30,474.4
Due after ten years	13,566.5	13,336.0
Total	100,573.4	102,155.5

Investments in land and buildings

The table below is a summary of investments in land and buildings.

	2003	2002	2001
Land and buildings in company use	1,927.6	1,854.0	1,907.0
Other land and buildings	31.7	100.3	151.3
Investments in land and buildings	1,959.3	1,954.3	2,058.3
Costprice land and buildings	1,841.4	1,934.1	1,954.6

The following table provides information on land and buildings by valuation date.

	2003	2002	2001
2003	1,190.2		
2002	769.1	1,465.4	
2001		488.9	506.7
2000			80.2
1999			
1998			
1997			1,471.4
	1,959.3	1,954.3	2,058.3

B4 Loans and advances to credit institutions

The following table provides information on loans and advances to credit institutions in the balance sheet.

	2003		
	<i>Belgium</i>	<i>The Netherlands</i>	<i>Other</i>
Current and other bank accounts	158.8	858.4	3,664.0
Interest bearing deposits	587.5	4,185.7	14,865.0
Securities purchased under resale agreements	2,148.2	59.2	45,540.9
Other	2,185.5	221.5	3,554.3
Gross amount	5,080.0	5,324.8	67,624.2
Allowance for credit losses	(22.4)	(1.3)	(24.4)
Net amount	5,057.6	5,323.5	67,599.8

	2002		
	<i>Belgium</i>	<i>The Netherlands</i>	<i>Other</i>
Current and other bank accounts	165.3	1,999.2	8,242.1
Interest bearing deposits	1,547.1	1,244.5	19,071.3
Securities purchased under resale agreements	1,837.3	250.4	46,672.7
Other	11.2	332.8	1,057.0
Gross amount	3,560.9	3,826.9	75,043.1
Allowance for credit losses	(114.8)		(33.3)
Net amount	3,446.1	3,826.9	75,009.8

	2001		
	<i>Belgium</i>	<i>The Netherlands</i>	<i>Other</i>
Current and other bank accounts	731.9	751.9	4,548.1
Interest bearing deposits	497.7	1,773.3	19,948.0
Securities purchased under resale agreements	4,759.6	597.5	26,254.4
Other	46.8	2,030.4	695.3
Gross amount	6,036.0	5,153.1	51,445.8
Allowance for credit losses	(16.5)	(2.0)	(156.5)
Net amount	6,019.5	5,151.1	51,289.3

The geographic analysis of loans and advances to credit institutions is primarily based on the domicile of the operating company.

B5 Loans and advances to customers

The following table provides information on loans and advances to customers.

	2003			
	<i>Belgium</i>	<i>The Netherlands</i>	<i>Other</i>	<i>Total</i>
Gross amount	79,028.0	57,946.3	40,302.6	177,276.9
Allowance for credit losses	(1,293.1)	(695.4)	(886.4)	(2,874.9)
Net amount	77,734.9	57,250.9	39,416.2	174,402.0
Public sector	3,896.9	200.4	436.2	4,533.5
Private sector:				
- Corporate				
- Guaranteed by government authorities	456.1		214.7	670.8
- Other receivables	50,833.4	19,866.0	34,107.1	104,806.5
Sub-total	51,289.5	19,866.0	34,321.8	105,477.3
- Retail				
- Secured by mortgages	18,565.2	34,077.4	3,214.7	55,857.3
- Other receivables	3,983.3	3,107.1	1,443.5	8,533.9
Sub-total	22,548.5	37,184.5	4,658.2	64,391.2
Net amount	77,734.9	57,250.9	39,416.2	174,402.0

	2002¹⁾			
	<i>Belgium</i>	<i>The Netherlands</i>	<i>Other</i>	<i>Total</i>
Gross amount	73,559.0	50,077.3	37,747.0	161,383.3
Allowance for credit losses	(1,174.3)	(636.0)	(981.9)	(2,792.2)
Net amount	72,384.7	49,441.3	36,765.1	158,591.1
Public sector	4,219.8	454.4	101.1	4,775.3
Private sector:				
- Corporate				
- Guaranteed by government authorities	470.2		189.6	659.8
- Other receivables	46,301.6	21,291.6	32,141.4	99,734.6
Sub-total	46,771.8	21,291.6	32,331.0	100,394.4
- Retail				
- Secured by mortgages	17,550.1	24,521.6	2,852.7	44,924.4
- Other receivables	3,843.0	3,173.7	1,480.3	8,497.0
Sub-total	21,393.1	27,695.3	4,333.0	53,421.4
Net amount	72,384.7	49,441.3	36,765.1	158,591.1

1) Loans and advances to customers are recorded for the full gross amount as from 2003. Comparable figures for gross amounts and the provision for loan losses have been adjusted accordingly.

2001 ¹⁾

	Belgium	The Netherlands	Other	Total
Gross amount	73,586.3	51,623.8	42,425.3	167,635.4
Allowance for credit losses	(1,928.0)	(687.9)	(929.7)	(3,545.6)
Net amount	71,658.3	50,935.9	41,495.6	164,089.8
Public sector	4,631.3	563.1	770.9	5,965.3
Private sector:				
- Corporate				
- Guaranteed by government authorities	1,846.7		478.6	2,325.3
- Other receivables	45,436.5	24,636.7	34,649.6	104,722.8
Sub-total	47,283.2	24,636.7	35,128.2	107,048.1
- Retail				
- Secured by mortgages	17,132.2	22,182.1	2,698.7	42,013.0
- Other receivables	2,611.6	3,554.0	2,897.8	9,063.4
Sub-total	19,743.8	25,736.1	5,596.5	51,076.4
Net amount	71,658.3	50,935.9	41,495.6	164,089.8

1) Loans and advances to customers are recorded for the full gross amount as from 2003. Comparable figures for gross amounts and the provision for loan losses have been adjusted accordingly.

The geographic analysis of loans and advances to customers is primarily based on the domicile of the Fortis operating company.

The table below presents analysis of the change in the allowance for loan losses.

	2003	2002 ¹⁾
Balance at 1 January	2,940.3	3,720.6
Purchases and sales group companies	19.7	6.4
Write-offs	(515.9)	(1,133.7)
Value adjustments on loans	676.9	566.5
Exchange rate and other adjustments	(198.0)	(219.5)
Balance at 31 December	2,923.0	2,940.3
Composed of:		
- Loans and advances to credit institutions	48.1	148.1
- Loans and advances to customers	2,874.9	2,792.2
	2,923.0	2,940.3

1) Loans and advances to customers are recorded for the full gross amount as from 2003. Comparable figures for gross amounts and the provision for loan losses have been adjusted accordingly.

The provision for loan losses includes an amount of EUR 189.6 million related to country risks (2002: EUR 215.0 million; 2001: EUR 242.3 million).

The total amount of loans and advances to customers and credit institutions at 31 December 2003 which may be impossible to collect fully is EUR 6,788.4 million (2002: EUR 7,118.8 million; 2001: EUR 7,254.8 million). The related amount of provisions is EUR 2,735.1 million (2002: EUR 2,501.7 million; 2001: EUR 3,245.1 million). The difference between the outstanding amount and the provision is covered by the value of the collateral or expected cash flows.

B6 Other assets

Other assets consists of the following:

	<i>2003</i>	<i>2002</i>	<i>2001</i>
Participating interests valued by equity method	271.3	312.3	362.8
Other participating interests:			
- Participating interests	513.4	497.5	677.0
- Receivable from participating interests	10.5	9.3	7.1
Total participating interests	<u>795.2</u>	<u>819.1</u>	<u>1,046.9</u>
Other tangible fixed assets	793.5	806.2	890.8
Receivables arising from banking operations	5,453.3	5,661.2	6,925.9
Assets held for lease	1,885.0	1,562.3	1,885.2
Deferred tax	373.7	447.1	370.1
Other	1,146.7	771.6	804.0
Total	<u>10,447.4</u>	<u>10,067.5</u>	<u>11,922.9</u>

Banking

Other tangible fixed assets consists mainly of data processing systems, office equipment and motor vehicles.

B7 Amounts owed to credit institutions

The following table provides information on amounts owed to credit institutions in the balance sheet at 31 December.

	2003			
	<i>Belgium</i>	<i>The Netherlands</i>	<i>Other</i>	<i>Total</i>
Demand deposits	4,761.7	3,366.5	1,100.8	9,229.0
Time deposits	27,739.4	2,914.5	8,876.1	39,530.0
Securities sold under repurchase agreements	53,127.3	4,617.5	1,220.7	58,965.5
Other short-term borrowings	796.5	0.8	311.1	1,108.4
Other long-term debt	56.9	124.0	22.4	203.3
Other				
Total	86,481.8	11,023.3	11,531.1	109,036.2

	2002			
	<i>Belgium</i>	<i>The Netherlands</i>	<i>Other</i>	<i>Total</i>
Demand deposits	3,090.0	1,258.1	2,613.2	6,961.3
Time deposits	25,378.9	2,324.6	10,601.5	38,305.0
Securities sold under repurchase agreements	44,706.8	3,337.0	173.3	48,217.1
Other short-term borrowings	438.1	12.6	425.6	876.3
Other long-term debt	355.9	3,804.7	236.1	4,396.7
Other		16.2		16.2
Total	73,969.7	10,753.2	14,049.7	98,772.6

	2001			
	<i>Belgium</i>	<i>The Netherlands</i>	<i>Other</i>	<i>Total</i>
Demand deposits	1,910.5	2,486.5	1,153.4	5,550.4
Time deposits	25,717.8	6,969.5	12,101.0	44,788.3
Securities sold under repurchase agreements	41,220.2	1,867.5	59.6	43,147.3
Other short-term borrowings	552.5	36.9	1,094.6	1,684.0
Other long-term debt	34.8	2,529.1	286.0	2,849.9
Other		253.8		253.8
Total	69,435.8	14,143.3	14,694.6	98,273.7

The geographic analysis of amounts owed to credit institutions is based on the location of the Fortis operating company.

B8 Amounts owed to customers

The following table provides information on amounts owed to customers at 31 December.

				2003
	<i>Belgium</i>	<i>The Netherlands</i>	<i>Other</i>	<i>Total</i>
Demand deposits - non-interest bearing	1,833.8	259.3	644.8	2,737.9
Demand deposits - interest bearing	23,925.9	13,637.8	17,259.1	54,822.8
Savings deposits accounts	40,688.8	10,466.0	31.0	51,185.8
Time deposits	24,180.3	5,679.4	19,573.9	49,433.6
Securities sold under repurchase agreements	24,512.2		3,618.0	28,130.2
Other short-term borrowings	80.9	1,576.7	488.9	2,146.5
Long-term debt	21.2	10,134.9	2.2	10,158.3
Other	2,538.6	135.5	516.0	3,190.1
Total	117,781.7	41,889.6	42,133.9	201,805.2

				2002
	<i>Belgium</i>	<i>The Netherlands</i>	<i>Other</i>	<i>Total</i>
Demand deposits - non-interest bearing	1,549.2	32.9	356.6	1,938.7
Demand deposits - interest bearing	22,111.9	13,396.9	17,170.2	52,679.0
Savings deposits accounts	33,442.4	10,342.2	23.1	43,807.7
Time deposits	24,743.7	5,611.1	18,335.1	48,689.9
Securities sold under repurchase agreements	21,976.5		2,591.6	24,568.1
Other short-term borrowings	212.2	1,027.1	1,866.8	3,106.1
Long-term debt	32.5	358.8	2.6	393.9
Other	3,675.5	253.0	454.5	4,383.0
Total	107,743.9	31,022.0	40,800.5	179,566.4

				2001
	<i>Belgium</i>	<i>The Netherlands</i>	<i>Other</i>	<i>Total</i>
Demand deposits - non-interest bearing	1,494.7	117.0	453.1	2,064.8
Demand deposits - interest bearing	19,517.4	14,344.4	18,400.2	52,262.0
Savings deposits accounts	31,131.5	9,633.4	138.2	40,903.1
Time deposits	24,804.3	9,711.8	19,820.1	54,336.2
Securities sold under repurchase agreements	15,721.9	16.4	3,877.4	19,615.7
Other short-term borrowings	748.6	847.5	3,577.7	5,173.8
Long-term debt	33.7	375.6	3.5	412.8
Other	5,741.9	248.0	566.5	6,556.4
Total	99,194.0	35,294.1	46,836.7	181,324.8

The geographic analysis of amounts owed to customers is based on the location of the Fortis operating company.

B9 Securities purchased under resale agreements and securities sold under repurchase agreements

Securities purchased under resale agreements are included in loans and advances to credit institutions and loans and advances to customers. Securities sold under repurchase agreements are included in amounts owed to credit institutions and amounts owed to customers.

The following table provides information on Fortis's securities purchased under resale agreement activities.

	<i>2003</i>	<i>2002</i>	<i>2001</i>
Maximum amount outstanding at any month-end	74,450.0	68,795.3	47,184.6
Average amount outstanding	49,942.3	57,797.5	37,664.9

Securities underlying these agreements are managed by Fortis.

The following table provides information on Fortis's securities sold under repurchase agreement activities.

	<i>2003</i>	<i>2002</i>	<i>2001</i>
Maximum amount outstanding at any month-end	84,552.5	80,429.1	64,687.0
Average amount outstanding	64,708.5	69,491.1	50,814.6

Securities underlying these agreements are managed by the counterparties.

B10 Debt certificates

Debt certificates consist of debt securities and other fixed-income securities. As of 31 December 2003, of these securities an amount of EUR 24,571.7 million (2002: EUR 24,037.1 million; 2001: EUR 22,979.1 million) is repayable during the next financial year.

The following table provides information on debt certificates by nature of instrument and country of origin.

				2003
	<i>Belgium</i>	<i>The Netherlands</i>	<i>Other</i>	<i>Total</i>
Time deposits	17,760.2	1,353.1	9,628.1	28,741.4
Commercial paper			6,149.8	6,149.8
Long-term debt	120.3	567.2	2,359.8	3,047.3
Total	17,880.5	1,920.3	18,137.7	37,938.5

				2002
	<i>Belgium</i>	<i>The Netherlands</i>	<i>Other</i>	<i>Total</i>
Time deposits	21,562.5	901.3	4,524.4	26,988.2
Commercial paper			8,320.7	8,320.7
Long-term debt	3.2	1,893.0	3,025.2	4,921.4
Total	21,565.7	2,794.3	15,870.3	40,230.3

				2001
	<i>Belgium</i>	<i>The Netherlands</i>	<i>Other</i>	<i>Total</i>
Time deposits	22,248.8	635.2	3,466.9	26,350.9
Commercial paper			9,222.5	9,222.5
Long-term debt	2.3	3,137.8	3,702.4	6,842.5
Total	22,251.1	3,773.0	16,391.8	42,415.9

The geographic analysis of debt certificates is based on the location of the operating company.

B11 Other liabilities

Other liabilities consists of the following at 31 December:

	2003	2002	2001
Pensions and early retirement benefits	182.8	270.6	484.9
Taxes and other social security charges	576.6	735.8	688.1
Other provisions	1,226.2	1,418.2	1,918.8
Short position trading portfolio	17,148.0	10,645.2	7,873.2
Option premiums received in advance	5,914.1	5,043.5	2,747.5
Other	2,147.9	2,451.8	2,055.4
Total	27,195.6	20,565.1	15,767.9

Other provisions include an amount of EUR 97.5 million (2002: EUR 395.9 million; 2001: EUR 803.5 million) for the integration of banking activities and a provision of EUR 385.5 million (2002: EUR 273.5 million; 2001: EUR 247.6 million) for deferred taxes. Other liabilities include EUR 6.3 million of payables to group companies (2002: EUR 4.8 million; 2001: EUR 3.8 million).

B12 Subordinated liabilities

The following table gives a description of subordinated liabilities.

	<i>2003</i>	<i>2002</i>	<i>2001</i>
Notes (not covered by collateral)			
denominated in various currencies with an average interest rate of 5.73% (2002: 5.92%; 2001: 6.15%) and maturities through 2031	7,127.4	6,856.2	6,938.9
Perpetual loans denominated in various currencies with an average interest rate of 6.02% (2002: 5.76%; 2001: 6.25%)	679.3	907.9	1,286.7
Perpetual loan from Fortis Brussels SA/NV with a coupon of 6 month EURIBOR + 1.25% and + 2.75% from 2005 onwards	760.0	760.0	760.0
Redeemable perpetual loan (Tier 1 loan), with an interest of 6.50% till 26 September 2011 and Euro Reference Rate + 2.37% thereafter	1,000.0	1,000.0	1,000.0
	9,566.7	9,524.1	9,985.6

In September 2001 Fortis Bank issued Redeemable Perpetual Cumulative Coupon Debt Securities for an amount of EUR 1 billion. The regulator considers the securities to be part of the Tier 1 capital of Fortis Bank and of Fortis Bank's shareholders' equity on a consolidated basis.

The securities are governed by a Support Agreement, on which Fortis SA/NV and Fortis N.V. jointly and severally agree to contribute to Fortis Bank any additional funds necessary for Fortis Bank to pay the coupon in the event of a dividend payment by Fortis SA/NV and Fortis N.V. on their ordinary or preference shares in the same period.

In order to accept the securities as constituting Tier 1 capital of Fortis Bank, the regulator requires that the sum of the dividend paid by Fortis SA/NV and Fortis N.V. on their ordinary and preference shares and of all amounts payable under the Support Agreement and similar agreements may not exceed the level of the aggregate distributable reserves of Fortis SA/NV and Fortis N.V.

To meet this condition, the Board of Directors has decided that dividend will not be paid on the ordinary shares, preference shares or other capital instruments (if applicable) unless the sum of the distributable reserves of both companies is sufficient to cover all dividend payments relating to their respective ordinary shares, preference shares and other capital instruments, as well as any amounts payable in the same financial year pursuant to their obligations under the Support Agreement.

B13 Fund for general banking risks

The following table reflects the movements in the fund for general banking risks.

	<i>2003</i>	<i>2002</i>
Balance at 1 January	2,215.0	2,216.7
Acquisition and sale group companies	(1.4)	
Exchange rate differences	(4.5)	(1.7)
Balance at 31 December	2,209.1	2,215.0

B14 Minority interests in group equity

Minority interests in group equity includes preferred shares issued for financing purposes of EUR 650 million. More details can be found in note 7 'Minority interests in group equity'.

B15 Off-balance sheet items

The following table reflects the notional amount of derivative financial instruments outstanding at 31 December 2003, by term.

	<i>2003</i>			
	<i>One year or less</i>	<i>Five years or less and more than one year</i>	<i>More than five years</i>	<i>Total</i>
Interest rate contracts				
OTC:				
- swaps	864,221.6	260,683.4	132,811.5	1,257,716.5
- forwards	32,945.0	19,229.9	1,193.4	53,368.3
- options	44,344.8	250,802.9	354,364.4	649,512.1
Exchange-traded:				
- forwards	15,354.0	5,208.1	3,027.0	23,589.1
- options	37,403.7	12,908.7	1,878.1	52,190.5
Subtotal	994,269.1	548,833.0	493,274.4	2,036,376.5
Currency contracts				
OTC:				
- swaps	148,787.3	14,960.0	2,459.6	166,206.9
- forwards	1,790.6	15.8		1,806.4
- options	26,873.6	1,502.2		28,375.8
Subtotal	177,451.5	16,478.0	2,459.6	196,389.1
Other contracts				
OTC	10,606.1	19,487.7	3,366.2	33,460.0
Exchange-traded	42,773.8	2,123.2	28.0	44,925.0
Subtotal	53,379.9	21,610.9	3,394.2	78,385.0
Total	1,225,100.5	586,921.9	499,128.2	2,311,150.6

Trading derivatives

Fortis enters into derivative financial instruments on behalf of customers or for own account. The following table reflects the notional amounts, positive fair values and negative fair values of trading derivative financial instruments at 31 December. All significant intercompany contracts have been excluded.

	2003		
	<i>Notional amount</i>	<i>Positive fair value</i>	<i>Negative fair value</i>
Interest rate contracts			
OTC:			
- swaps	611,483.7	6,372.2	(6,373.6)
- forwards	35,082.2	400.3	(611.8)
- options	649,254.8	5,404.6	(5,201.9)
Exchange-traded:			
- forwards	23,589.1	40.1	(0.2)
- options	52,190.5	14.0	(15.3)
Subtotal	1,371,600.3	12,231.2	(12,202.8)
Currency contracts			
OTC:			
- swaps	153,298.7	1,329.3	(1,543.9)
- forwards	1,791.2	57.6	(70.9)
- options	27,674.4	571.6	(46.4)
Subtotal	182,764.3	1,958.5	(1,661.2)
Other contracts			
OTC	25,932.4	1,782.2	(2,634.6)
Exchange-traded	44,904.3	531.1	(93.8)
Subtotal	70,836.7	2,313.3	(2,728.4)
Total	1,625,201.3	16,503.0	(16,592.4)

	<i>2002</i>		
	<i>Notional amount</i>	<i>Positive fair value</i>	<i>Negative fair value</i>
Interest rate contracts:			
OTC:			
- swaps	431,201.2	6,259.7	(6,454.7)
- forwards	26,390.0	40.7	(57.2)
- options	500,089.4	2,908.1	(3,826.0)
Exchange-traded:			
- forwards	20,905.2	41.7	(1.2)
- options	18,856.5	12.6	(9.8)
Subtotal	997,442.3	9,262.8	(10,348.9)
Currency contracts			
OTC:			
- swaps	121,606.0	1,185.7	(1,196.2)
- forwards	2,128.9	155.4	(154.6)
- options	17,065.5	250.3	(97.0)
Subtotal	140,800.4	1,591.4	(1,447.8)
Other contracts			
OTC	29,268.1	2,027.7	(1,943.6)
Exchange-traded	38,467.4	161.7	(218.4)
Subtotal	67,735.5	2,189.4	(2,162.0)
Total	1,205,978.2	13,043.6	(13,958.7)

Banking

	2001		
	<i>Notional amount</i>	<i>Positive fair value</i>	<i>Negative fair value</i>
Interest rate contracts:			
OTC:			
- swaps	391,154.9	3,009.7	(2,997.6)
- forwards	38,440.8	70.2	(72.2)
- options	343,979.6	2,502.4	(867.9)
Exchange-traded:			
- forwards	29,207.6	54.3	(2.3)
- options	8,255.1		
Subtotal	811,038.0	5,636.6	(3,940.0)
Currency contracts			
OTC:			
- swaps	109,225.8	938.6	(602.8)
- forwards	1,798.7	96.9	(98.6)
- options	11,110.1	80.3	(48.7)
Subtotal	122,134.6	1,115.8	(750.1)
Other contracts			
OTC	15,955.3	1,230.8	(1,101.5)
Exchange-traded	27,605.8	358.0	(184.9)
Subtotal	43,561.1	1,588.8	(1,286.4)
Total	976,733.7	8,341.2	(5,976.5)

Gains/losses on derivative financial instruments represent the net amount earned from trading activities. The profitability of these trading activities depends largely on the volume and diversity of the transactions, the level of risk it is willing to assume and the volatility of price and rate movements.

Risk management derivatives

The following table reflects the notional amounts and fair values at 31 December of derivative financial instruments used for risk management. All significant intercompany contracts have been excluded.

	2003		
	<i>Notional amount</i>	<i>Positive fair value</i>	<i>Negative fair value</i>
Interest rate contracts			
OTC:			
- swaps	646,232.8	892.8	(1,459.7)
- forwards	18,286.1	13.3	(14.1)
- options	257.3		(0.5)
Exchange-traded:			
- forwards			
- options			
Subtotal	664,776.2	906.1	(1,474.3)
Currency contracts			
OTC:			
- swaps	12,908.2	232.6	(234.4)
- forwards	15.2		(0.1)
- options	701.4	11.8	(0.0)
Subtotal	13,624.8	244.4	(234.5)
Other contracts			
OTC	7,527.6	340.8	(329.5)
Exchange-traded	20.7	2.3	(0.5)
Subtotal	7,548.3	343.1	(330.0)
Total	685,949.3	1,493.6	(2,038.8)

Banking

	2002		
	<i>Notional amount</i>	<i>Positive fair value</i>	<i>Negative fair value</i>
Interest rate contracts			
OTC:			
- swaps	200,229.3	916.5	(1,403.4)
- forwards	14,417.8	9.5	(21.7)
- options	614.1	0.5	(1.1)
Exchange-traded:			
- forwards	374.5		
- options	45.8		
Subtotal	215,681.5	926.5	(1,426.2)
Currency contracts			
OTC:			
- swaps	16,979.4	316.7	(212.3)
- forwards			
- options	6.5	0.1	(0.1)
Subtotal	16,985.9	316.8	(212.4)
Other contracts			
OTC	9,476.2	184.0	(244.7)
Exchange-traded	20.9	1.0	(2.4)
Subtotal	9,497.1	185.0	(247.1)
Total	242,164.5	1,428.3	(1,885.7)

	2001		
	<i>Notional amount</i>	<i>Positive fair value</i>	<i>Negative fair value</i>
Interest rate contracts			
OTC:			
- swaps	95,654.9	709.3	(427.3)
- forwards	6,583.9	2.2	(6.6)
- options	950.7	6.5	(5.6)
Exchange-traded:			
- forwards			
- options			
Subtotal	103,189.5	718.0	(439.5)
Currency contracts			
OTC:			
- swaps	12,795.3	94.6	(138.1)
- forwards		151.3	(267.8)
- options	220.1	1.6	(1.6)
Subtotal	13,015.4	247.5	(407.5)
Other contracts			
OTC	4,904.6	178.9	(191.5)
Exchange-traded	49.8	2.2	(3.0)
Subtotal	4,954.4	181.1	(194.5)
Total	121,159.3	1,146.6	(1,041.5)

Banking

B16 Maturities

The following table reflects the maturities of debts and receivables as at 31 December.

2003

	<i>Repayable on demand</i>	<i>< 3 months</i>	<i>3 months - 1 year</i>	<i>1 - 5 years</i>	<i>> 5 years</i>	<i>Total</i>
Loans and advances to credit institutions	31,096.5	29,205.4	16,601.0	770.0	308.0	77,980.9
Loans and advances to customers	30,000.5	31,182.2	15,130.8	22,276.4	75,812.1	174,402.0
Amounts owed to credit institutions	9,239.2	86,581.2	12,442.7	304.4	468.7	109,036.2
Amounts owed to customers	129,976.3	39,447.1	21,240.6	7,447.8	3,693.4	201,805.2

2002

	<i>Repayable on demand</i>	<i>< 3 months</i>	<i>3 months - 1 year</i>	<i>1 - 5 years</i>	<i>> 5 years</i>	<i>Total</i>
Loans and advances to credit institutions	23,029.7	50,539.5	7,726.6	807.2	179.8	82,282.8
Loans and advances to customers	34,722.2	27,558.9	12,522.8	25,570.6	58,216.6	158,591.1
Amounts owed to credit institutions	6,779.7	74,796.4	12,871.4	2,472.0	1,853.1	98,772.6
Amounts owed to customers	115,947.9	45,922.4	10,106.5	5,109.2	2,480.4	179,566.4

2001

	<i>Repayable on demand</i>	<i>< 3 months</i>	<i>3 months - 1 year</i>	<i>1 - 5 years</i>	<i>> 5 years</i>	<i>Total</i>
Loans and advances to credit institutions	13,309.0	25,750.7	22,389.6	720.9	289.7	62,459.9
Loans and advances to customers	32,355.6	35,836.4	11,704.4	27,156.2	57,037.2	164,089.8
Amounts owed to credit institutions	6,992.6	68,362.4	19,618.2	1,775.8	1,524.7	98,273.7
Amounts owed to customers	115,636.9	47,091.7	10,695.8	5,706.7	2,193.7	181,324.8

The following table provides information about subordinated debt and long-term debt instruments.

2003**2002**

Maturity	<i>< 1 year</i>	<i>1 - 2 year</i>	<i>2 - 3 year</i>	<i>3 - 4 year</i>	<i>4 - 5 year</i>	<i>> 5 year</i>	<i>Total</i>	<i>Total</i>
Subordinated liabilities:								
- Fixed rate	316.6	2,265.7	419.0	958.0	618.8	2,693.6	7,271.7	6,629.3
- Variable rate	1,308.7	180.2	37.6	87.9	434.3	246.3	2,295.0	2,894.8
	1,625.3	2,445.9	456.6	1,045.9	1,053.1	2,939.9	9,566.7	9,524.1
Debt certificates:								
- Fixed rate	1,416.5	788.2	194.8	112.0	343.6	68.9	2,924.0	4,586.9
- Variable rate	43.8	46.1			29.3	4.1	123.3	334.5
	1,460.3	834.3	194.8	112.0	372.9	73.0	3,047.3	4,921.4
Amounts owed to customers	6,702.5	801.7	339.9	529.1	1,600.8	184.3	10,158.3	393.9
Amounts owed to credit institutions	73.4	49.6	10.5	1.4	2.8	65.5	203.3	4,396.7
Total	9,861.5	4,131.5	1,001.8	1,688.4	3,029.6	3,262.7	22,975.6	19,236.1

B17 Revenues

The following table provides information on banking revenues based on the country in which the Fortis company is located.

2003

	<i>Belgium</i>	<i>The Netherlands</i>	<i>Luxembourg</i>	<i>Benelux</i>	<i>United States</i>	<i>Rest of the world</i>	<i>Total ¹⁾</i>
Net interest income	2,005.5	1,253.1	372.9	3,631.5	133.1	615.5	4,380.1
Commissions and fees	541.8	469.9	275.9	1,287.6	36.1	477.9	1,801.6
Results from financial transactions	583.8	21.1	(14.8)	590.1	6.4	255.9	852.4
Other revenues	274.4	139.3	92.1	505.8	2.0	241.8	749.6
Total revenues, net of interest expense	3,405.5	1,883.4	726.1	6,015.0	177.6	1,591.1	7,783.7

2002

	<i>Belgium</i>	<i>The Netherlands</i>	<i>Luxembourg</i>	<i>Benelux</i>	<i>United States</i>	<i>Rest of the world</i>	<i>Total ¹⁾</i>
Net interest income	2,090.5	1,178.6	386.0	3,655.1	166.7	590.0	4,411.8
Commissions and fees	560.9	468.2	285.4	1,314.5	43.8	502.4	1,860.7
Results from financial transactions	667.5	(22.3)	9.2	654.4	(0.4)	155.9	809.9
Other revenues	229.3	171.0	109.4	509.7	12.9	204.1	726.7
Total revenues, net of interest expense	3,548.2	1,795.5	790.0	6,133.7	223.0	1,452.4	7,809.1

2001

	<i>Belgium</i>	<i>The Netherlands</i>	<i>Luxembourg</i>	<i>Benelux</i>	<i>United States</i>	<i>Rest of the world</i>	<i>Total ¹⁾</i>
Net interest income	2,230.6	1,136.7	325.0	3,692.3	147.7	564.0	4,404.0
Commissions and fees	580.1	569.0	270.8	1,419.9	52.6	505.9	1,978.4
Results from financial transactions	605.2	118.5	49.8	773.5	7.1	221.9	1,002.5
Other revenues	334.2	249.0	112.2	695.4	(0.4)	202.3	897.3
Total revenues, net of interest expense	3,750.1	2,073.2	757.8	6,581.1	207.0	1,494.1	8,282.2

1) Including eliminations.

Movements in net interest income are as follows:

	2003		
	<i>Average balance</i>	<i>Interest</i>	<i>Interest in %</i>
Assets:			
- Loans and advances to credit institutions	82,126.6	2,143.7	2.61
- Loans and advances to customers	163,495.4	7,348.8	4.49
- Interest-bearing securities	91,831.5	3,601.1	3.92
Total interest-bearing assets	337,453.5	13,093.6	3.88
Liabilities:			
- Amounts owed to credit institutions	100,597.6	2,347.0	2.33
- Amounts owed to customers	188,386.1	4,631.8	2.46
- Debt certificates and subordinated liabilities	47,360.0	1,905.4	4.02
Total interest-bearing liabilities	336,343.7	8,884.2	2.64
Other interest on balance (mainly from hedging transactions via derivatives)		170.7	
Net interest income		4,380.1	
Net interest income/interest-bearing assets			1.30
	2002		
	<i>Average balance</i>	<i>Interest</i>	<i>Interest in %</i>
Assets:			
- Loans and advances to credit institutions	88,195.4	3,243.2	3.68
- Loans and advances to customers	162,531.6	8,154.0	5.02
- Interest-bearing securities	88,094.0	4,016.2	4.56
Total interest-bearing assets	338,821.0	15,413.4	4.55
Liabilities:			
- Amounts owed to credit institutions	109,987.9	3,669.6	3.34
- Amounts owed to customers	178,330.0	5,428.6	3.04
- Debt certificates and subordinated liabilities	50,814.9	2,313.0	4.55
Total interest-bearing liabilities	339,132.8	11,411.2	3.36
Other interest on balance (mainly from hedging transactions via derivatives)		409.6	
Net interest income		4,411.8	
Net interest income/interest-bearing assets			1.30

	2001		
	<i>Average balance</i>	<i>Interest</i>	<i>Interest in %</i>
Assets:			
- Loans and advances to credit institutions	69,947.8	3,258.7	4.66
- Loans and advances to customers	159,620.9	9,471.4	5.93
- Interest-bearing securities	84,677.8	4,390.7	5.19
Total interest-bearing assets	314,246.5	17,120.8	5.45
Liabilities:			
- Amounts owed to credit institutions	104,050.8	4,578.5	4.40
- Amounts owed to customers	160,640.7	6,460.7	4.02
- Debt certificates and subordinated liabilities	49,451.2	2,492.6	5.04
Total interest-bearing liabilities	314,142.7	13,531.8	4.31
Other interest on balance (mainly from hedging transactions via derivatives)		815.0	
Net interest income		4,404.0	
Net interest income/interest-bearing assets			1.40

Banking

B18 Commissions and fees

The following table provides information on commission income and commissions paid.

	2003	2002	2001
Commission income			
- issuance	49.0	64.9	88.9
- securities transactions	472.6	519.1	597.6
- insurance	154.3	139.4	148.1
- asset management	638.4	675.3	757.1
- payment services	372.2	346.1	338.3
- miscellaneous	608.6	615.3	631.1
Total commission income	2,295.1	2,360.1	2,561.1
Commission paid	493.5	499.4	582.7
Net commission income	1,801.6	1,860.7	1,978.4

B19 Results from financial transactions

The following table provides information on net results from financial transactions.

	2003	2002	2001
Gains / losses on trading derivative financial instruments	(217.9)	227.5	357.7
Realized gains on sale of investments	443.0	366.1	430.7
Realized gains on participating interest	16.2	0.6	(6.6)
Foreign exchange gains and losses	249.2	242.0	166.7
Gains / losses on trading securities	361.9	(26.3)	54.0
Total	852.4	809.9	1,002.5

B20 Other revenues

The following table provides information on other revenues.

	2003	2002	2001
Dividends from equity securities	28.1	62.0	32.9
Rental income land and buildings	137.0	138.5	145.5
Revenues from participating interests	35.0	27.4	50.7
Income from leasing activities	396.2	380.9	463.6
Other revenues	153.3	117.9	204.6
Total	749.6	726.7	897.3

Revenues from land and buildings include rental income related to land and buildings in company use amounting to EUR 118.8 million (2002: EUR 129.6 million; 2001: EUR 128.9 million) and EUR 18.1 million (2002: EUR 9.0 million; 2001: EUR 16.6 million) rented to third parties. Revenues from participating interests include EUR 14.2 million, positive (2002: EUR 6.5 million, negative; 2001: EUR 1.9 million, negative) related to the share in profits of participating interests valued by the equity method.

B21 Interest expense

The following table summarizes interest expenses.

	2003	2002	2001
Amounts owed to credit institutions	2,347.1	3,669.6	4,578.6
Amounts owed to customers	4,631.8	5,428.6	6,460.7
Interest expense risk management derivatives contracts	10,469.9	7,543.7	2,878.1
Debt certificates	1,375.6	1,755.7	1,942.0
Subordinated liabilities	529.8	557.3	550.5
Other	16.7	6.6	4.7
Total	19,370.9	18,961.5	16,414.6

B22 Value adjustments

The following table summarizes value adjustments.

	2003	2002	2001
Value adjustments on receivables and debt securities	713.1	577.8	452.5 ¹⁾
Change in provisions contingent liabilities	25.6	34.6	3.5
Value (re)adjustments land and buildings ²⁾	23.0	119.9	
Value adjustments fund for general banking risks			169.8
Total	761.7	732.3	625.8

1) Including release in connection with harmonization.

2) With effect from 2002 value (re)adjustments on land and buildings are included in value adjustments rather than operating expenses (see B23).

B23 Operating expenses

The following table summarizes operating expenses.

	2003	2002	2001
Wages and salaries	2,099.6	2,193.5	2,290.4
Social charges:			
- Pension and early retirement	311.0	232.7	169.1
- Other social charges	484.7	488.8	535.3
Depreciation and amortization	258.5	263.9	275.2
Cost of assets held for lease	296.4	296.8	343.6
Value (re)adjustments land and buildings ¹⁾			24.2
Other charges	1,677.9	1,692.5	2,020.1
Total	5,128.1	5,168.2	5,657.9

1) With effect from 2002 value (re)adjustments on land and buildings are included in value adjustments rather than operating expenses (see B22).

Balance sheet general

	Note	31-12-2003	31-12-2002	31-12-2001
Assets				
Cash		421.3	11.5	10.4
Investments	C1	102.0	121.0	322.1
Loans and advances to credit institutions				5.0
Loans and advances to customers	C2	10,300.1	8,530.2	6,371.8
Prepayments and accrued income		430.4	476.7	244.7
Other assets	C3	3,180.7	3,816.5	3,114.1
Total assets		14,434.5	12,955.9	10,068.1
Liabilities				
Amounts owed to credit institutions		1.9	7.2	0.1
Debt certificates	C4	12,947.6	10,434.7	8,652.1
Accruals and deferred income		752.4	511.3	330.0
Other liabilities	C5	1,294.9	879.7	334.1
Convertible notes	C6		1,255.9	1,255.9
Subordinated convertible note	C7	1,250.0	1,250.0	
Subordinated liabilities	C8	1,005.0	1,005.0	1,004.8
		17,251.8	15,343.8	11,577.0
Minority interests in group equity	C9	435.4	524.5	639.6
Net equity		(3,252.7)	(2,912.4)	(2,148.5)
Group equity		(2,817.3)	(2,387.9)	(1,508.9)
Total liabilities		14,434.5	12,955.9	10,068.1
Allocation of net equity to segments				
Net equity Insurance operations		6,482.3	5,529.7	7,085.9
Net equity Banking operations		8,664.6	8,253.6	8,907.1
Net equity of the holding activities and not related to Insurance or Banking		(3,252.7)	(2,912.4)	(2,148.5)
Net equity Fortis group		11,894.2	10,870.9	13,844.5

Profit and loss account general

	Note	2003	2002	2001
Revenues:				
Interest income		1,012.2	567.0	480.3
Results from financial transactions ¹⁾	C10	3.1	(21.2)	
Other revenues	C11	4.9	12.3	17.5
Total revenues		1,020.2	558.1	497.8
Interest expense		(1,138.0)	(646.5)	(504.9)
Total revenues, net of interest expense		(117.8)	(88.4)	(7.1)
Operating expenses	C12	(105.5)	(125.6)	(165.1)
Operating result before taxation		(223.3)	(214.0)	(172.2)
Taxation		76.5	48.6	40.1
Operating group profit		(146.8)	(165.4)	(132.1)
Minority interests		36.9	44.9	48.3
Net operating profit before value differences		(183.7)	(210.3)	(180.4)
Value differences on the equity portfolio ²⁾		(11.7)	101.6	
Net operating profit		(195.4)	(108.7)	(180.4)
Non-operating items after taxation		0.1	34.4	(3.0)
Net profit		(195.3)	(74.3)	(183.4)

General

1) Including the results of hedging transactions and total realized gains.

2) Including the results of hedging transactions and unrealized value differences on the equity portfolio.

Notes to the balance sheet and profit and loss account general

The general segment consists of activities not related to the core banking and insurance business, such as group treasury and finance and other holding activities. Primary assets in the general sector relate convertible notes to receivables from group companies, while primary liabilities relate to convertible notes, commercial paper and other short-term borrowings held by Fortis's finance companies.

C1 Investments

Investments of the general sector consist solely of equity securities. The purchase price is EUR 12.1 million (2002: EUR 19.3 million; 2001: EUR 17.7 million).

C2 Loans and advances to customers

Loans and advances to customers includes EUR 10,299.0 million (2002: EUR 8,529.0 million; 2001: EUR 6,351.0 million) of loans issued to group companies, including subordinated loans of EUR 565.0 million (2002: EUR 1,691.1 million; 2001: EUR 1,881.3 million) for insurance companies and EUR 1,055.0 million (2002: EUR 1,225.0 million; 2001: EUR 1,225.0 million) for banking companies.

C3 Other assets

This includes the Fortis shares purchased for the account of Fortis in connection with Fortis's issuance commitments: EUR 23.5 million (2002: EUR 31.1 million; 2001: EUR 65.5 million). Otherwise it relates almost entirely to receivables with a term of less than one year. EUR 2,886.1 million (2002: EUR 3,322.0 million; 2001: EUR 2,893.2 million) of these receivables consists of receivables from group companies.

C4 Debt certificates

Debt certificates represent primarily commercial paper and European Medium Term programmes by Fortis Finance with maturities up to a maximum of ten years and include loans from group companies for an amount of EUR 116.1 million (2002: EUR 794.3 million; 2001: EUR 707.7 million).

C5 Other liabilities

Other liabilities at 31 December consist of:

	<i>2003</i>	<i>2002</i>	<i>2001</i>
Deferred taxation	189.1	189.1	223.7
Other provisions	10.4	11.5	6.2
Other	1,095.4	679.1	104.2
	1,294.9	879.7	334.1

C6 Convertible notes

Convertible notes consist of the following:

	2003	2002	2001
EUR 680.7 million of convertible bonds with a coupon of 2.625% payable yearly in arrears on 6 November. The loan has a conversion price of EUR 31.51 and matures on 6 November 2003.		680.7	680.7
EUR 575.2 million of convertible bonds with a coupon of 1.50% paid in arrears on July 29. The loan has a conversion price of EUR 38.35 and matures on 29 July 2004.		575.2	575.2
	<u>1,255.9</u>	<u>1,255.9</u>	

The convertible notes were redeemed prematurely in 2003.

C7 Subordinated convertible note

Further information on subordinated convertible notes can be found on page 32.

C8 Subordinated liabilities

These are mainly subordinated loans on behalf of banking and insurance businesses. These loans are also accounted for under subordinated loans by these companies and have therefore been eliminated in the consolidated balance sheet. This also includes a subordinated loan provided by the directors of Fortis SA/NV and its subsidiaries and subsubsidiaries. A total of 25,180 warrants are connected to the loan. Exercise of a warrant entitles the holder to 9 Fortis shares. The warrants may be exercised until 20 November 2007 and have a conversion price of EUR 167.58 (EUR 18.62 per share). The outstanding warrants are included in the options overview in note 13 'Employee stock and option plans'.

C9 Minority interests in group equity

Minority interests in group equity relate to a hybrid financing instrument issued in March 2000. Further details can be found in note 7 'Minority interests in group equity'.

C10 Results from financial transactions

The results from financial transactions in 2002 relate to Fortis shares, which are included in other assets. A positive result was achieved on Fortis shares in 2003.

C11 Other revenues

The following table provides information on other revenues.

	<i>2003</i>	<i>2002</i>	<i>2001</i>
Dividends from equity securities	1.3	1.1	1.0
Other revenues	3.6	11.2	16.5
Total	4.9	12.3	17.5

C12 Operating expenses

The following table summarizes operating expenses.

	<i>2003</i>	<i>2002</i>	<i>2001</i>
Wages and salaries	26.1	25.4	22.1
Social costs:			
- Pension and early retirement	4.5	5.5	7.2
- Other social costs	3.3	1.4	4.0
Depreciation and amortization	4.2	4.4	7.1
Other charges	67.4	88.9	124.7
Total	105.5	125.6	165.1

Brussels/Utrecht, 11 March 2004

Board of Directors

J.R. Glasz (chairman)
 Count M. Lippens (chairman)
 Viscount E. Davignon (vice-chairman)
 J.J. Slechte (vice-chairman)
 A. van Rossum (Chief Executive Officer)
 Baron V. Croes
 J.M. Hessels
 Baron D. Janssen
 Mrs A.J.M. Roobeek
 Ph. Speeckaert
 Baron P. Van Waeyenberge
 N.J. Westdijk

Post-balance sheet date events

When Fortis revised its strategy in the course of 2003, the Board of Directors decided that Fortis's insurance activities in the United States no longer formed part of the company's core activities. The Board of Directors therefore announced, in September 2003, its intention to sell its United States insurance business by effecting an Initial Public Offer on the New York Stock Exchange.

On 5 February 2004, Fortis, Inc. was floated on the New York Stock Exchange under its new name, Assurant, Inc. A total of 92 million shares (65% of the total share capital of Assurant, Inc.) were issued at a price of USD 22.00 (approximately EUR 17.60). Fortis will record capital gains of around EUR 100 million on the sale in the first quarter of 2004. The capital tie-up based on the Floor, as calculated according to the internal Floor-Cap system, will be reduced by around EUR 700 million. The consolidated net core capital will decrease by around EUR 100 million.

The main key figures for Fortis, Inc. for 2003, 2002 and 2001 are as follows:

	<i>2003</i>	<i>2002</i>	<i>2001</i>
Gross written premiums Life	728.8	900.9	1,671.6
Gross written premiums Non-life	6,621.0	7,437.5	6,921.6
Total revenues, net of interest expense	6,249.7	6,909.1	5,869.5
Operating profit before tax	441.9	432.1	300.0
Total assets	18,348.1	20,638.5	25,736.3
Technical provisions	10,221.6	11,669.4	13,689.9
Technical provisions related to investments on behalf of policyholders	3,011.2	3,236.7	5,304.0

General

Having sold off the shares, Fortis now has a shareholding of around 35% in Assurant, Inc. As a result, from February 2004 Fortis's participation in Assurant, Inc. will no longer be fully consolidated, but will be valued on the basis of the equivalence method.

Under the revised strategy, in November 2003 the Board of Directors decided to sell Fortis's participation in Seguros Bilbao, a Spanish subsidiary in the life and non-life insurance business, to Grupo Catalana Occidente. This transaction was completed on 3 February 2004 and involved a takeover sum of EUR 255 million. Sales proceeds and profit on the sale will be recorded in the first quarter of 2004.

Report of the Board of Directors Fortis SA/NV and Fortis N.V.

Board of Directors, Statutory Auditor and Auditor

Chairmen	Count Maurice Lippens Jaap Glasz	
Vice Chairmen	Viscount Etienne Davignon Jan Slechte	(until 26 May 2004)
Chief Executive Officer	Anton van Rossum	
Directors	Baron Valère Croes Jan-Michiel Hessels Henjo Hielkema Baron Daniel Janssen Christine Morin-Postel Annemieke Roobeek Martin Schröder Philippe Speeckaert Baron Piet Van Waeyenberge Klaas Westdijk	(until 26 May 2004) (until 27 May 2003) (until 12 March 2003) (until 27 May 2003) (until 26 May 2004)
Statutory Auditor for Fortis SA/NV	PricewaterhouseCoopers Réviseurs d'Enterprises S.C.C.R.L. Represented by Philippe Barbier and Luc Discry	
Auditor for Fortis N.V.	KPMG Accountants N.V.	

Report of the Board of Directors of Fortis SA/NV and Fortis N.V.

General

Fortis SA/NV and Fortis N.V. are the two holding companies of Fortis. They head the Fortis group, which in turn comprises a large number of group companies that are active in the fields of banking, insurance and investment.

The reporting year 2003 was a turbulent year, one in which Fortis was unable to escape the effects of the weak economy and decline in equity prices. These factors conspired to create difficult market conditions. Fortis nevertheless delivered a good operating performance. This achievement was made possible by the commitment of our staff, our customer focus, significant cost savings and strict risk management.

Shares

At the end of 2001 the listed shares of Fortis SA/NV and Fortis N.V. were merged into a single, new listed security, the Fortis share. This share represents one ordinary share in each of the two new parent companies, Fortis SA/NV and Fortis N.V., including the corresponding rights, such as voting and dividend rights. The ordinary (twinned) shares take the form of either a registered share or a bearer share, depending on the choice of the shareholder. The registered shares are included in the shareholders' registers, which are held by Fortis SA/NV and Fortis N.V. in an identical fashion at the respective head offices. K-certificates are available in different units. Holders of bearer shares may convert their shares into registered shares upon request; likewise, holders of registered shares may convert their shares into bearer shares.

Through the Fortis share, Fortis is listed on the Primary Market of Euronext Brussels and on the Official Market of the stock exchange of Euronext Amsterdam. Fortis also has a listing in Luxembourg and a sponsored ADR programme in the United States.

In addition to the ordinary (twinned) share, the authorized share capital of Fortis N.V. also comprises Cumulative Preference Shares A and B; Fortis N.V. has granted a call option on Cumulative Preference Shares A to Stichting Continuïteit Fortis; for further information we refer to page 179 of the Annual Accounts of Fortis.

Share Capital

The number of outstanding and paid-up shares as on 31 December 2003 is 1,337,882,634. The Board of Directors has been authorized by the respective shareholders to issue new shares.

The Board of Directors of Fortis SA/NV is empowered to increase the authorized capital, in one or more operations, by a maximum of EUR 1,713,600,000, subject to the provisions of article 9 of the Articles of Association. This authorization is granted to the Board of Directors for a period of three years as from the General Meeting of Shareholders held on 27 May 2003. Under the stock plan offered to all employees and based on this authorization in 2003, the capital was increased by EUR 16,988,600, of which EUR 12,083,172 subscribed capital and EUR 4,905,428 share premium.

The Board of Directors is further empowered to make use of the authorized capital subject to the conditions set out in article 607 of the Companies Code in the event of a public takeover bid, for a period of three years as from the General Meeting of Shareholders held on 27 May 2003.

The Board of Directors of Fortis N.V. was authorized by the General Meeting of Shareholders held on 27 May 2003 to issue or to grant the rights to acquire all ordinary shares, Cumulative Preference Shares A and Cumulative Preference Shares B in which the authorized capital is distributed through the related resolution as well as to limit or exclude the preferential right to these shares for a period of three years.

During the year under review Fortis SA/NV and Fortis N.V. issued 2,820,535 ordinary shares, in order to be able to meet the obligation to deliver shares that arose in connection with the employee stock option plan.

Warrants and options issued by Fortis

In the past, the Boards of Directors of Fortis SA/NV and Fortis N.V. have – independently – decided to grant their management and staff subordinated notes with warrants or stock options. When the shares of Fortis SA/NV and Fortis N.V. were unified, a mutual obligation to deliver the underlying value arose. This obligation was mutually endorsed during the meetings of 12 December 2001. The underlying value is delivered by issuing new shares or by delivering shares that already have been or will be repurchased.

Annual Accounts

The new management structure introduced by Fortis in 1998 means that, under the terms of Article 10 of the Belgian Companies Code, there is a clear assumption of centralized governance, as a result of which the two parent companies are deemed to form a consortium. The two parent companies must, therefore, be consolidated with their subsidiaries. The Banking, Financing and Insurance Commission (BFIC) has agreed to exempt Fortis SA/NV from the obligation of preparing separate consolidated Annual Accounts with effect from financial year 1998, provided that these are replaced by consolidated Annual Accounts of the Fortis consortium.

PricewaterhouseCoopers Réviseurs d'Enterprises S.C.C.R.L. and KPMG Accountants N.V. have issued unqualified audit opinions on the 2003 Annual Accounts for Fortis SA/NV and Fortis N.V. respectively. The Board of Directors will submit the Annual Accounts for 2003 for the consideration and approval of the General Meeting of Shareholders on 26 May 2004.

Dividend

Fortis pursues a dividend policy aimed at paying out approximately 40 to 45% of the consolidated net profit to its shareholders. Specific dividend proposals take into account the group's current and anticipated financial position and expectations of the financial markets. The Board of Directors proposes a dividend of EUR 0.92 (2002: EUR 0.88; 2001: EUR 0.88) per share for 2003. Shareholders may choose to receive either a Dutch- or a Belgian-sourced dividend. Shareholders must state their choice by filling in a 'dividend election form'. If no express choice is made by the shareholders, automatic election rules (the so-called Default Rules) will apply. Further information on these rules can be found in note 19 'Dividend' of the Fortis Annual Accounts.

Composition of the Fortis Board of Directors

The Fortis Board of Directors has twelve members, i.e. eleven non-executive members and one executive member, the Chief Executive Officer (CEO).

The members of the Board of Directors are appointed by the shareholders; the non-executive members are in principle appointed for a maximum term of three years. The age limit for non-executive members is 70, but exceptions may be made in special circumstances. The age limit for the CEO is 60, but can be raised to 65 years in special circumstances.

Three directors resigned in the year under review, i.e. Mrs Christine Morin-Postel, Mr Henjo Hielkema and Mr Martin Schröder. Mrs Christine Morin-Postel stepped down as non-executive director for personal reasons. Her mandate as director was terminated on 12 March 2003. Mrs Morin-Postel had been a director of Fortis since 1998. Mr Martin Schröder could not be reappointed on 27 May 2003 as he had reached the maximum age specified for his position by the Board of Directors. Mr Schröder, former chairman of the Supervisory Board of ASR Verzekeringsgroep, had been a Fortis director since 30 May 2001. Mr Henjo Hielkema stated his intention to step down as non-executive director on 27 May 2003 and was not available for reappointment. Mr Hielkema joined AMEV in 1988 and in that year became a member of the Board of Directors of N.V. AMEV. In 1990 he was appointed to the Executive Board of Fortis. From 1995 to 1998 Mr Hielkema was in charge of Fortis in the Netherlands. Mr Hielkema joined the Board of Fortis in 1998. One of the company founders, Mr Hielkema played a significant role in the general growth of Fortis as from 1990.

On 26 May 2004 the Board of Directors will propose to the General Meeting of Shareholders the reappointment of Mr Jaap Glasz (for Fortis N.V.), Mr Anton van Rossum, Mr Jan-Michiel Hessels and Mr Piet Van Wayenberge. Mr Philippe Speeckaert, whose term of office expires on 26 May 2004, has declined to stand for reappointment. Mr Speeckaert became a director of the current Fortis AG in 1989 and joined the Board of Directors of N.V. AMEV in 1990. He has been a non-executive director of Fortis since 1998. The Board will recommend to the shareholders on 26 May 2004 the appointment of Mr Philippe Bodson as non-executive director. On 26 May 2004 Mr Valère Croes and Mr Etienne Davignon will resign from the Board as they have reached the maximum age specified for their positions by the Board of Directors. Mr Valère Croes joined the current Fortis AG in 1963 and was appointed chairman of the Management Committee in 1985. In 1990, when Fortis was formed, Mr Croes was appointed chairman of the Executive Committee of Fortis and was chairman of Fortis in Belgium and of Fortis Insurance International until 1996. In 1997 he was appointed non-executive director of Fortis. Mr Croes was closely involved in the creation of Fortis and played a key role in the general growth of the group from 1990 to the present. Mr Etienne Davignon has been a member of the Board of Directors of the current Fortis AG since 1989 and has been a non-executive director of Fortis since 1990 and vice-chairman of the Board Fortis since 1998.

The Board of Directors is tremendously indebted to Mr Hielkema, Mr Croes, Mr Davignon, Mr Speeckaert, Mrs Morin-Postel and Mr Schröder for their significant roles in the duties performed by the Board and in the growth of Fortis.

Board of Directors

The responsibilities of the Board of Directors are laid down in the law, the Articles of Association and the internal regulations. The working method of the Board, the meetings and the decision making process, and the composition and functioning of the Board and its committees are defined in the Internal Order Regulations.

Remuneration of directors and combined shareholdings

In 2003 the total remuneration paid to the non-executive members of the Board of Directors for their mandate as directors of Fortis amounted to EUR 1.9 million (2002: EUR 2.3 million; 2001: EUR 2.6 million). The remuneration paid to the CEO in 2003 amounted to EUR 2.1 million (2002: EUR 2.1 million; 2001: EUR 2.4 million.) A specification of the remuneration paid to individual members of the Board of Directors is included in note 18 of the Fortis Annual Accounts.

At the end of the year under review, the total number of Fortis shares held by members of the Board of Directors amounted to 811,146 (2002: 780,846). The non-executive members did not receive any options on Fortis shares. Mr Maurice Lippens, a non-executive member, holds options pursuant to his previous position as executive member of the Board of Directors. CEO Mr Anton van Rossum was awarded options on Fortis shares, Share Appreciation Rights (SARs) and Restricted Shares as part of his remuneration package. Together they held 227,480 options (2002: 228,500) on Fortis shares. In addition, Mr van Rossum was granted 28,550 restricted shares in 2003. Further information on the stock option plan, the exercise of options and the restricted shares can be found in note 18 of the Fortis Annual Accounts.

Meetings

The Fortis Board of Directors met on nine occasions in 2003. Regular subjects of discussion were the financial results, the economic outlook and the strategies pursued by the various Fortis businesses. The strategy discussions are also used as input for the definition of Fortis's general strategy. In addition, the Board of Directors discussed the crisis on the financial markets, the budget, the general strategy for Fortis, the reports of the Audit Committee, the Risk and Capital Committee and the Compensation & Nominating Committee, the stock and stock option plans for staff and management, the proposed Initial Public Offering of the American insurance activities, and the divestment of Seguros Bilbao. The composition and remuneration of the members of the Executive Committee were also decided by the Board of Directors.

Three committees are active within the Board of Directors. The former *Chairmen's Committee* was terminated in August 2003 and replaced by regular meetings between both chairmen of Fortis and the CEO.

The *Audit Committee* consists of six independent non-executive members and is supported by the Chief Auditor of Fortis. The Audit Committee supports the Board of Directors in its duty to ensure the quality of financial and management information and to assess the financial results, the quality of the external and internal auditing process, the quality and accuracy of information provided to shareholders, administrative bodies and external regulatory authorities, the consistent application of reporting principles, the risk reporting and the operational management. The Audit Committee meets with the internal and external accountants and with the management responsible for financial reporting, to discuss risk management and compliance with regulations. This committee is also supported by the Audit Committees of the major Fortis subsidiaries. The duties of the Audit Committee are laid down in the Audit Committee Charter, which was approved by the Board of Directors in August 2002. The Audit Committee met on five occasions in 2003.

The *Risk and Capital Committee* consists of four non-executive members and the CEO and receives support from the Chief Financial Officer of Fortis. The Risk and Capital Committee advises the Board of Directors on solvency matters, on specific financial transactions relating to solvency, and on the risk profile of Fortis. In 2003 this committee met on three occasions.

The *Compensation & Nominating Committee* consists of six non-executive members of the Board of Directors and the CEO – who is absent during discussions about his personal remuneration. The Compensation & Nominating Committee advises the Board of Directors on remuneration policy, the remuneration of the directors and the Executive Committee, defines the frame of reference for remuneration policy for senior management of Fortis and provides advice on the appointment and reappointment of members of the Board of Directors and the Executive Committee and on the stock and stock option plans. The Committee met on three occasions in 2003.

A report on the activities of these committees is provided on page 62 of the Annual Review.

The *International Advisory Council*, under the chairmanship of Mr. Etienne Davignon and Mr. Jan Slechte, met on one occasion in the year under review. The Advisory Council discussed the future of interest rates, European regulations, the role of the European Bank and demographic developments in relation to the position of Fortis.

General Meeting of Shareholders

Each share entitles the holder to attend the General Meeting of Shareholders of both Fortis SA/NV and Fortis N.V., to participate in the discussions during these meetings and to cast one vote. Each share entitles the holder to one vote. Shareholders can vote either by being present at the General Meeting of Shareholders or by proxy. Both meetings are held consecutively, in order to give shareholders the opportunity to attend both meetings. In principle, the two meetings will focus on the same subjects, including the Annual Report, the dividend, amendments to the Articles of Association, the issue and repurchase of shares and the (re)appointment of members of the Board of Directors. The Articles of Association provide that proposals cannot be implemented unless they have been approved by both meetings.

Auditing and supervision

The external audit of the group is performed by a board of external auditors, consisting of representatives from the firms of PricewaterhouseCoopers and KPMG. Twice a year, Fortis Audit Services, which reports to the Audit Committee, gives an opinion on the internal auditing systems. Well-defined procedures are in place for the co-ordination of the external and internal audit assignments.

Sector-specific supervision has been assigned to De Nederlandsche Bank (DNB) and the pensions and insurance supervisory authority (PVK) in the Netherlands and the Banking, Financing and Insurance Commission (BFIC) in Belgium. Based on European and national legislation it has been agreed that these supervisory bodies will jointly carry out the cross-border supplementary supervision on a group level. The BFIC, the regulator that in terms of total assets and solvency requirements monitors the larger part of Fortis's operations, has been appointed a coordinator. Under the agreement on supplementary supervision, in June 2003 the regulators decided to conduct a joint review of the organization and operation of the management bodies of the Fortis group's top companies. This review commenced in September 2003 and is expected to be completed in March 2004.

Outlook

The strong solvency position, the strength of the organization and sound financial planning and cost control are Fortis's strengths in the battle for the customer's favour. Fortis's employees are its most valued asset. They make Fortis what it is, basing their efforts on the company's core values – stable, caring, innovative and straightforward. Their strong commitment inspires confidence in Fortis's ability to achieve its goals. Fortis is well-positioned to hold its ground in the face of the current uncertain economic conditions. The same forces that improved our operating performance in the latter half of 2003 will continue to have a positive impact in 2004 and will compensate for a considerable part of the reduction in net operating profit owing to the sale of 65% of Assurant, Inc. Barring unforeseen circumstances, we expect that this, together with the already improved markets, will result in a higher net operating profit for the current year.

Utrecht, 11 March 2004

Board of Directors

Annual Accounts 2003 Fortis SA/NV

Fortis SA/NV
Rue Royale 20
1000 Brussels, Belgium
Telephone 32 (0)2 510 52 11
Fax 32 (0)2 510 56 26

On 5 April 2004 the Banking, Finance and Insurance Commission authorized the use of this Annual Report of Fortis as a reference document for any market call made by Fortis SA/NV until publication of its next Annual Report, in the sense of chapter IV of the Law of 22 April 2003 relating to public offering of securities, via the separate publication procedure.

Under this procedure, this reference document must be accompanied by an issue note in order to be considered as a prospectus in accordance with article 14 of the Law of 22 April 2003.

Such prospectus must be submitted to the Banking, Finance and Insurance Commission for approval in accordance with the Law of 22 April 2003.

General information

1. Foreword

Most of the 'General information' contained in the Annual Accounts of Fortis SA/NV in previous years is now included in the Report of the Board of Directors of Fortis SA/NV and Fortis N.V. Please see page 141 of the Annual Accounts. This section of general information contains solely unique information of Fortis SA/NV that has not been provided elsewhere.

2. Identification

The company is a public limited company bearing the name 'Fortis SA/NV'. Its registered office is at Rue Royale 20, 1000 Brussels. This office may be transferred anywhere else in Belgium by resolution of the Board of Directors. The company is registered in the Brussels commercial register under no. 577.615.

3. Incorporation and publication

The company was incorporated on 6 November 1993 under the name of 'Fortis Capital Holding'.

4. Places where the public can verify company documents

The Articles of Association of Fortis SA/NV can be verified at the office of the Registry of the Commercial Court at Brussels and at the companies' registered offices.

The Annual Accounts are filed with the National Bank of Belgium. Decisions on the appointment and withdraw of Board members of the companies are published, among other places, in the annexes to the Belgian Law Gazette. Financial reports on the companies and notices convening General Meetings are published in the financial press, newspapers and periodicals. The Annual Report of the company is available from the registered office and are also filed with the National Bank of Belgium. They are sent each year to registered shareholders and to others on request.

5. Amounts

All amounts stated in tables of these Annual Accounts are denominated in thousands of euros, unless otherwise indicated.

1. Balance sheet before profit appropriation

	31-12-2003	31-12-2002
ASSETS		
FIXED ASSETS	19,532,333	19,941,311
I Incorporation expenses (note I)	2,100	3,078
II Intangible fixed assets (note II)	-	-
III Tangible fixed assets (note III)	-	-
IV Financial fixed assets (notes IV and V)	19,530,233	19,938,233
A. Affiliated companies	19,530,233	19,938,233
CURRENT ASSETS	1,096	82,359
V Amounts receivable after more than one year	-	-
VI Stocks and contracts in progress	-	-
VII Amounts receivable within one year	74	76,608
A. Trade accounts receivable	-	27
B. Other amounts receivable	74	76,581
VIII Short-term investments (notes V and VI)	-	-
IX Liquid assets	1,022	5,699
X Prepayments and accrued income (note VII)	-	52
TOTAL ASSETS	19,533,429	20,023,670

	31-12-2003	31-12-2002
LIABILITIES		
SHAREHOLDERS' EQUITY	19,376,252	19,065,275
I Capital (note VIII)	5,731,291	5,719,208
A. Subscribed capital	5,731,291	5,719,208
II Share premium reserve	5,524,342	5,519,437
III Capital gains due to revaluations	-	-
IV Reserves	7,427,984	7,427,984
A. Legal reserve	571,921	571,921
B. Reserves not available for distribution	556,063	556,063
C. Tax-free reserves	-	-
D. Reserves available for distribution	6,300,000	6,300,000
V Profit carried forward	692,635	398,646
PROVISIONS AND DEFERRED TAXES	-	1,239
VII A. Provisions for risks and charges	-	1,239
1. Pensions and similar commitments	-	-
2. Taxes	-	-
3. Major renovation and maintenance projects	-	-
4. Other risks and charges (note IX)	-	1,239
B. Deferred taxes	-	-
AMOUNTS PAYABLE	157,177	957,156
VIII Amounts payable after more than one year (note X)	-	-
IX Amounts payable within one year (note X)	157,177	957,115
A. Current portion of amounts payable after more than one year	-	-
B. Financial debts	-	-
C. Commercial debts	1,450	1,444
D. Advance payments received on account of contracts in progress	-	-
E. Amounts payable in respect of taxes, remuneration and social charges	2,379	2,177
1. Taxes	2,379	2,177
2. Remuneration and social charges	-	-
F. Other amounts payable	153,348	953,494
X Accruals and deferred income (note XI)	-	41
TOTAL LIABILITIES	19,533,429	20,023,670

2. Profit and loss account

	2003	2002
I Operating income	149	114
A. Turnover (note XII, A)	-	-
B. Increase (+) or decrease (-) in stocks of work and contracts in progress and of finished goods	-	-
C. Own construction capitalized	-	-
D. Other operating income (note XII, B)	149	114
II Operating expenses	(3,222)	(22,332)
A. Goods for resale, raw and ancillary materials	-	-
1. Purchases	-	-
2. Increase (-), decrease (+) in stocks	-	-
B. Services and miscellaneous goods	3,396	3,292
C. Remuneration, social charges and pensions (note XII, C2)	-	-
D. Depreciation and amounts written down on formation expenses and intangible and tangible fixed assets	1,025	19,035
E. Increase (+), decrease (-) in amounts written down on stocks, contracts in progress and trade accounts receivable (note XII, D)	-	-
F. Increase (+), decrease (-) in provisions for risks and charges (note XII, C3 en E)	(1,239)	-
G. Other operating expenses (note XII, F)	40	5
H. Operating expenses capitalized as restructuring costs	-	-
III Operating loss	(3,073)	(22,218)
IV Financial income	320,160	566,029
A. Income from financial fixed assets	320,000	565,000
B. Income from current assets	159	756
C. Other financial income (note XIII, A)	1	273
V Financial charges	(23,019)	(18,045)
A. Interest in respect of amounts payable (note XIII, B en C)	13,031	4,930
B. Increase (+), decrease (-) in amounts written down on current assets other than those referred to under II. E (note XIII, D)	-	-
C. Other financial charges (note XIII, E)	9,988	13,115
VI Profit on ordinary activities, before taxes	294,068	525,766

	<i>2003</i>	<i>2002</i>
VII Extraordinary income	-	-
VIII Extraordinary charges	-	-
IX Profit for the financial year before taxes	294,068	525,766
X Tax on profits	(79)	(455)
A. Taxes (note XV)	(79)	(455)
B. Adjustment of taxes and write-back of tax provisions	-	-
XI Profit for the financial year	293,989	525,311
XII Transfer from tax-exempt reserves	-	-
Transfer to tax-exempt reserves	-	-
XIII Profit for the financial year available for appropriation	293,989	525,311
	<i>2003</i>	<i>2002</i>
APPROPRIATION OF PROFIT		
A. Profit to be appropriated	692,635	1,458,245
1. Profit for the financial year available for appropriation	293,989	525,311
2. Profit carried forward from the previous financial year	398,646	932,934
B. Transfers from shareholders' equity	-	-
C. Transfer to shareholders' equity	-	(317,761)
1. to the capital and share premium reserves	-	-
2. to the legal reserves	-	17,761
3. to the other reserves	-	300,000
D. Result to be carried forward	-	(398,646)
E. Shareholders' contribution in respect of losses	-	-
F. Profit to be distributed	-	(741,838)
1. Dividends	-	741,838
2. Director entitlements	-	-
3. Other allocations	-	-

3. Notes

2003

I STATEMENT OF FORMATION EXPENSES (item 20 of the assets)

Net book value as at the end of the preceding financial year	3,078
Change during the financial year:	
- New expenses incurred	47
- Depreciation	(1,025)
- Other	-
Net book value as at the end of the financial year	2,100
Comprising: Formation expenses and capital increase expenses, loan issuance expenses and other formation expenses	2,100
Restructuring costs	-

IV. STATUS OF FINANCIAL FIXED ASSETS

(item 28 of the assets)

1. Affiliated companies
(item 280)

2. Companies in
which participating
interests are held
(item 282)

3. Other
companies
(item 284)

1. Participating interests and equity securities

a) ACQUISITION VALUE

As at the end of the preceding financial year	19,938,233	-	-
Changes during the financial year:			
- Acquisitions	-	-	-
- Disposals and asset retirements	(408,000)	-	-
- Reclassification	-	-	-
As at the end of the financial year	19,530,233	-	-

b) CAPITAL GAINS

- - -

c) DEPRECIATION AND AMOUNTS WRITTEN OFF

- - -

d) UNCALLED AMOUNTS

- - -

NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR

e) (a)+(b)-(c)-(d)	19,530,233	-	-
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2. Receivables

NET BOOK VALUE AT THE END OF THE PRECEDING FINANCIAL YEAR

- - -

NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR

- - -

ACCUMULATED AMOUNTS WRITTEN DOWN ON RECEIVABLES AS AT THE END OF THE FINANCIAL YEAR

- - -

V. A. PARTICIPATING INTERESTS AND ENTITLEMENTS IN OTHER COMPANIES

The following list comprises the companies in which Fortis SA/NV holds a participating interest (recorded in items 280 and 282 of the assets), as well as the other companies in which Fortis SA/NV holds entitlements (recorded in items 284 and 51/53 of the assets) representing at least 10% of the capital issued.

Name, full address of the REGISTERED OFFICE In case of a company governed by Belgian law, the V.A.T. or NATIONAL NUMBER	Entitlements held by			Information derived from the latest available Annual Accounts			
	The company (directly)		subsidiaries	Annual Accounts as at	Currency Code	Shareholders' equity	Net result
	Number	%	%			(+/-) of (-) (in thousands of monetary units)	
Fortis Brussels SA/NV Rue Royale, 20 1000 Brussels, BELGIUM BE 476.301.276 ordinary shares	500,000,001	50.00		31/12/2002	EUR	19,962,561	1,591,970
Fortis Utrecht N.V. Archimedeslaan 6 3584 BA Utrecht, THE NETHERLANDS ordinary shares	500,000,001	50.00		31/12/2002	EUR	2,961,768	(333,167)

VIII. SPECIFICATION OF EQUITY

	<i>Amounts</i>	<i>Number of shares</i>
A. AUTHORIZED CAPITAL		
1. Subscribed capital (item 100 of the liabilities)		
- At previous year-end	5,719,208	xxxxxxxxxx
- Changes during the financial year:		
Capital increase	12,083	2,820,535
- At year-end	5,731,291	xxxxxxxxxx
2. Capital represented by:		
2.1. Ordinary shares	5,731,291	1,337,882,634
2.2. Registered and bearer shares		
Registered shares	xxxxxxxxxx	171,114,745
Bearer shares	xxxxxxxxxx	1,166,767,889
B. UNPAID CAPITAL		
Shareholders who have not yet paid up in full	-	-
C. OWN SHARES held by:		
- the company itself	-	-
- its subsidiaries	420,688	25,489,303
D. COMMITMENTS TO ISSUE SHARES	-	-
E. CAPITAL AUTHORIZED BUT NOT SUBSCRIBED	1,701,517	
	<i>1. Number of shares</i>	<i>2. Attached voting rights</i>
F. SHARES ISSUED NOT REPRESENTING CAPITAL	-	-
G. STRUCTURE OF THE SHAREHOLDER GROUP OF THE COMPANY AS AT THE CLOSING DATE OF THE FINANCIAL YEAR , as shown by the notices received by the company: see page 162.		

X. STATUS OF LIABILITIES

A.	AMOUNTS PAYABLE ORIGINALLY DUE AFTER MORE THAN ONE YEAR, ACCORDING TO THEIR REMAINING TERM TO MATURITY	-
B.	GUARANTEED AMOUNTS PAYABLE	-
	(included in items 17 and 42/48 of the liabilities)	
C.	AMOUNTS PAYABLE IN RESPECT OF TAXES, REMUNERATION AND SOCIAL CHARGES	
1. Taxes	(item 450/3 of the liabilities)	
	a) Taxes due	-
	b) Taxes not yet due	223
	c) Estimated taxes payable	2,156
2. Remuneration and social charges	(item 454/9 of the liabilities)	-

2003**2002**

XII.	RESULTS OF OPERATIONS	-	-
A.	NET TURNOVER (item 70)	-	-
B.	OTHER OPERATING INCOME (item 74)	-	-
C1.	EMPLOYEES LISTED IN THE STAFF REGISTER	-	-
C2.	STAFF COSTS (item 62)	-	-
C3.	PENSION PROVISIONS (included in item 635/7)	-	-
D.	DOWNWARD VALUE ADJUSTMENTS (item 631/4)	-	-
E.	PROVISIONS FOR RISKS AND CHARGES (item 635/7)	-	-
	Formed	-	-
	Used and reversed	(1,239)	-
F.	OTHER OPERATING EXPENSES (item 640/8)		
	Taxes and levies on business operations	40	5
	Other	-	-
G.	TEMPORARY STAFF AND PERSONS AVAILABLE TO THE COMPANY		
	1. Total number on balance sheet date	-	-
	2. Average number of FTEs:	-	-
	Number of hours actually worked	46	68
	Costs for the company	1	2

Fortis SA/NV

XIII. FINANCIAL RESULTS	2003	2002
A. OTHER FINANCIAL INCOME (item 752/9)	-	-
B. AMOUNTS WRITTEN DOWN ON LOAN ISSUANCE COSTS AND FROM RISKS	-	-
C. CAPITALIZED INTEREST	-	-
D. AMOUNT WRITTEN DOWN ON CURRENT ASSETS (item 651)	-	-
E. OTHER FINANCIAL CHARGES (item 652/9)	-	-
F. PROVISIONS OF A FINANCIAL NATURE	-	-
Breakdown of other financial income, if significant amounts are involved:	-	-
- Exchange rate result	2	-
- Banking expenses	6	23
- Dividend payment expenses	9,979	13,042
- Other	-	50
		2003
XV. INCOME TAXES		
A. BREAKDOWN OF ITEM 670/3		
1. Taxes on the result for the financial year		-
2. Taxes on the result for previous years		79
a. Additional charges for income taxes due or paid		79
b. Estimated additional charges for income taxes (included in item 450/3 of the liabilities) or additional charges for income taxes for which a provision was made (included in item 161 of the liabilities)		-
B. INsofar as taxes for the current period are materially affected by differences between the profit before taxes, as stated in the annual account, and the estimated taxable profit, the main source for such differences with special mention of differences due to timing differences between the determination of the book profit and the profit for tax purposes.		
Dividends of subsidiaries of which 95% is not taxable		304,000
C. IMPACT OF THE EXTRAORDINARY RESULTS ON THE LEVEL OF TAXATION ON THE RESULT FOR THE FINANCIAL YEAR		-
D. SOURCES OF DEFERRED		-

	<i>2003</i>	<i>2002</i>
XVI. TAXES ON VALUE ADDED AND TAXES TO THE DEBIT OF THIRD PARTIES		
A. Amount of value added tax charged during the financial year:	-	-
B. Amounts withheld to the debit of third parties in the form of:		
1. advance levy withheld from wage, salaries and benefits	91	91
2. withholding tax	157,139	144,362
XVII. RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET		<i>2003</i>
Personal security provided or irrevocably pledged by the company by way of surety for amounts payable by or commitments of third parties, of which:		24,674,165
- Outstanding bills of exchange endorsed by the company		-
- Bills drawn or guaranteed by the company		-
- Maximum amount for which other debts or commitments of third parties are guaranteed by the company		24,674,165

XVIII. RELATIONSHIPS WITH AFFILIATED COMPANIES AND COMPANIES IN WHICH THE COMPANY HOLDS PARTICIPATING INTERESTS

	1. AFFILIATED COMPANIES		2. COMPANIES IN WHICH THE COMPANY HOLDS PARTICIPATING INTERESTS	
	2003	2002	2003	2002
1. FINANCIAL FIXED ASSETS	19,530,233	19,938,233	-	-
Participating interests	19,530,233	19,938,233	-	-
2. AMOUNTS RECEIVABLE	-	76,113	-	-
Within one year	-	76,113	-	-
3. SHORT-TERM INVESTMENTS	-	-	-	-
4. AMOUNTS PAYABLE	140,372	-	-	-
Within one year	140,372	-	-	-
AFFILIATED COMPANIES				
			2003	2002
5. PERSONAL AND COLLATERAL SECURITY provided or irrevocably pledged by the company by way of surety for amounts payable by or commitments of affiliated companies			24,674,165	26,205,674
PERSONAL AND COLLATERAL SECURITY provided or irrevocably pledged by affiliated companies by way of surety for amounts payable by or commitments of the company			-	-
6. OTHER SIGNIFICANT FINANCIAL COMMITMENTS			-	-
7. FINANCIAL RESULTS				
Income from financial fixed assets			320,000	565,000
Income from current assets			159	756
Other financial income			-	-
Interest in respect of amounts payable			13,031	4,729
Other financial charges			-	-
8. REALIZATION OF FIXED ASSETS			-	-

XIX. FINANCIAL RELATIONSHIPS WITH

- A. managing directors and managers.
- B. persons or legal entities who/which control the company directly or indirectly but who/which are not affiliated companies.
- C. other companies that are controlled directly or indirectly by the persons or entities mentioned under b.

2003

- | | | |
|----|--|---|
| 1. | Amounts receivable from these persons or entities | - |
| 2. | Sureties provided on their behalf | - |
| 3. | Other significant commitments undertaken on their behalf | - |

Main conditions concerning items 9500, 9501 and 9502

- | | | |
|----|--|-----|
| 4. | Direct and indirect remuneration and pensions charged to the profit and loss account, to the extent that this disclosure does not exclusively or mainly relate to the situation of a single identifiable person: | |
| | - managing directors and managers | 286 |
| | - former managing directors and former managers | - |

SHAREHOLDER STRUCTURE

As far as known by Fortis SA/NV, the structure of the company's stable shareholdership at 31 December 2003 is as follows:

	Number of shares	%
1. Group SUEZ	81,190,104	6.07
2. Stichting VSB Fonds	74,020,696	5.53

On 31 December 2003, the members of the Board of Directors of Fortis SA/NV jointly held 811,146 shares and 227,480 options.

APPROPRIATION OF PROFIT

Like in previous years and as per IAS standard 10 § 12 and 13 (presentation of dividends), the accounts were drawn up prior to the appropriation of profit.

COMMITMENTS TO ISSUE OR TRANSFER SHARES

2003

Number of shares at 31 December	1,337,882,634
Potential shares to be issued:	
- In connection with option plans, including warrants (see note 13 'Employee stock option plans') ¹⁾	33,504,374
- In connection with convertible notes (see note A9 and A10) ¹⁾	<u>3,556,634</u>
Potential number of shares at 31 December	1,374,943,642

1) These are references to the relevant note in the Fortis Annual Accounts.

The potential number of shares per 31 December include 39,682,540 shares that were issued for the FRESH transaction. These shares are held by a group company and do not confer to voting rights or dividend as long as they are in the possession of the group company (see page 32 of the Annual Accounts).

INFORMATION ON THE CONSOLIDATED ACCOUNTS

The company is part of the Fortis consortium. The Banking, Finance and Insurance Commission has exempted Fortis SA/NV from publishing consolidated accounts, as these have been replaced by the accounts of the Fortis consortium.

The Fortis consortium Annual Accounts are available from the group's two registered offices, at Rue Royale 20, 1000 Brussels (Belgium) and Archimedeslaan 6, 3584 BA Utrecht (The Netherlands).

SUMMARY OF VALUATION PRINCIPLES

I. Incorporation expenses

Expenses relating to a capital increase or an issue of shares and convertible and non-convertible notes are amortized over a maximum period of five years.

IV. Financial fixed assets

Financial fixed assets consist only of ownership interests in Fortis companies. They are accounted for at their acquisition price, exclusive of acquisition costs.

VII. and X. Amounts receivable and liquid assets

Amounts receivable and liquid assets are accounted for at face value or acquisition price.

These items are reduced in value if, at the balance sheet date, and taking into account the value of any guarantees attached to each receivable or liquid asset, recovery is uncertain or doubtful.

VIII. Short-term investments

Securities are recorded at their acquisition value. Reductions in value are recorded to the amount of the long-term capital losses incurred. If these reductions in value subsequently diminish, they will be reversed in the amount of such diminution. Profits on the sale of securities are determined on the basis of the average acquisition value of the securities.

Conversion of assets and liabilities denominated in foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the exchange rates at the end of the financial year. Gains or losses arising from these conversions and exchange rate differences in connection with transactions in the course of the financial year are taken to the profit and loss account.

SOCIAL BALANCE

Fortis SA/NV does not employ staff as per 31 December 2003.

Statutory auditor's report for the year ended 31 December 2003 to the Shareholders' Meeting of the company Fortis SA/NV

In accordance with legal and regulatory requirements, we are pleased to report to you on the performance of the audit mandate, which you have entrusted to us.

We have audited the financial statements as of and for the year ended 31 December 2003 which have been prepared under the responsibility of the Board of Directors and which show a balance sheet total of EUR '000' '19,533,429' and a profit for the year of EUR '000' '293,989'. We have also carried out the specific additional audit procedures required by law.

Unqualified audit opinion on the financial statements

We conducted our audit in accordance with Belgian auditing standards, as issued by the 'Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren'. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, taking into account the legal and regulatory requirements applicable to financial statements in Belgium.

In accordance with those standards, we considered the company's administrative and accounting organisation, as well as its internal control procedures. Company officials have responded clearly to our requests for explanations and information. We examined, on a test basis, evidence supporting the amounts in the financial statements. We assessed the accounting principles used and significant estimates made by the company, as well as the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, taking into account the applicable legal and regulatory requirements in Belgium, the financial statements present fairly the company's net worth and financial position as of 31 December 2003 and the results of its operations for the year then ended, and the information given in the notes to the financial statements is adequate.

Additional certifications

We supplement our report with the following certifications, which do not have any impact on our audit opinion on the financial statements:

- The directors' report contains information required by the law and is consistent with the financial statements.
- Without prejudice to certain formal aspects of minor importance, the accounting records are maintained and the financial statements have been prepared in accordance with the legal and regulatory requirements applicable in Belgium.
- There are no transactions undertaken or decisions taken in violation of the company's statutes or company law, which we have to report to you. As disclosed in the notes to the statutory accounts, these accounts have been presented before appropriation of the result of the year.

11 March 2004

Statutory auditor

PricewaterhouseCoopers Reviseurs d'Entreprises S.C.C.R.L.

Represented by

Philippe Barbier

Luc Discry

Annual Accounts 2003 Fortis N.V.

Fortis N.V.
Archimedeslaan 6
3584 BA Utrecht, The Netherlands
Telephone 31 (0)30 257 65 76
Fax 31 (0)30 257 78 38

Balance sheet

(before appropriation of profit)

	31-12-2003	31-12-2002 ¹⁾
Assets		
Intangible fixed assets		
- Share issue expenses	0.7	0.8
Financial fixed assets		
- Participating interests in group companies	18,779.0	19,187.0
Current assets		
- Receivables from group companies	56.1	34.7
Liquid assets	1.7	-
	18,837.5	19,222.5
Liabilities		
Shareholders' equity		
- Capital paid-up and called-up	561.9	560.7
- Legal reserve	0.7	0.8
- Share premium reserve	6,143.5	6,127.7
- Other reserves	12,138.7	12,107.0
- Retained profit current financial year	(7.5)	426.2
	18,837.3	19,222.4
Short-term liabilities		
- Tax and social insurance premiums	0.1	-
- Other debts	0.1	0.1
	18,837.5	19,222.5

1) Comparable figures adjusted due to change in accounting principles.

Profit and loss account

	2003	2002 ¹⁾
Income:		
- Dividend from group companies	-	430.0
- Interest income	0.7	11.9
	0.7	441.9
Expenses:		
- Interest expense	7.8	12.0
- Amortization of intangible fixed assets	0.2	0.2
- General management costs	0.2	0.5
	8.2	12.7
Result before taxation	(7.5)	429.2
Taxes	-	(3.0)
Result after taxation	(7.5)	426.2

1) Comparable figures adjusted due to amended accounting principles.

Explanatory notes to the balance sheet and profit and loss account

General

The Annual Report of Fortis N.V. should be seen in connection with the Annual Accounts of Fortis.

Due in part to the unification of the shares of Fortis N.V. and Fortis SA/NV in 2001, the Boards of Directors of Fortis N.V. has decided to harmonize the principles of valuation and profit determination of these two companies. The Board of Directors is of the opinion that harmonization will provide greater insight into the financial position of Fortis N.V. in relation to the single share of Fortis N.V. and Fortis SA/NV.

Under section 2: 362, subsection 1, second sentence of the Netherlands Civil Code, the principles of valuation and profit determination of Fortis N.V. have therefore been harmonized with the accounting principles that apply in Belgium (B-GAAP).

Under Belgian accounting principles, participating interests of Fortis N.V. are valued at cost, net of impairment, rather than at net asset value. Comparable figures for 2002 have been adjusted accordingly. As a result of this change, shareholders' equity of Fortis N.V. as at 1 January 2002 increased by EUR 11,786.7 million to EUR 18,708.9 million. The result at 31 December 2002 went up by EUR 160 million to EUR 426 million.

All amounts stated in the following notes are in millions of euros, unless otherwise indicated.

Balance sheet

The following pages contain explanatory notes to the various balance sheet items, including explanation of the principles of valuation applied. Where no valuation principle is stated, the assets and liabilities are included at nominal value, less provisions where necessary.

Intangible fixed assets

Share issue expenses

This item concerns the capitalized capital tax related to capital increases in 2001, 2002 and 2003. The capitalized expenses are carried at cost, and depreciation is calculated on a straight-line basis over five years.

Movements in the balance sheet items are as follows:

Balance at 31 December 2002	0.8
Capitalization in financial year	0.1
Depreciation in financial year	<u>(0.2)</u>
Balance at 31 December 2003	0.7
Purchase cost at 31 December 2003	1.1
Accumulated depreciation	<u>(0.4)</u>
Book value at 31 December 2003	0.7

Financial fixed assets

Participating interests in group companies

This item is made up of the 50% share in Fortis Brussels SA/NV and the 50% share in Fortis Utrecht N.V. as of year-end 2003 and year-end 2002. Participating interests in group companies are carried at cost. The cost price is based on the value of the assets and liabilities transferred to Fortis N.V. as of 1 July 2001 in connection with the unification of the shares of Fortis (NL) and Fortis (B) into a new listed Fortis share. Unification entailed the merger of Fortis (NL) with Fortis N.V. and Fortis (B) with Fortis SA/NV and the cessation of the companies Fortis (NL) and Fortis (B), leaving Fortis SA/NV and Fortis N.V. to become the new parent companies of Fortis. In 2002 the cost price increased by EUR 515.3 million owing to the capital contribution in connection with the issue of FRESH securities. Further information on FRESH securities is provided on page 32 of the Fortis Annual Accounts.

Movements in the items are as follows:

	2003	2002
Balance at 1 January	19,187.0	6,922.2
Change in accounting principles	<u>-</u>	<u>11,749.5</u>
	19,187.0	18,671.7
Capital contribution in connection with FRESH	-	515.3
Repayment of capital by Fortis Brussels SA/NV	<u>(408.0)</u>	-
Balance at 31 December	18,779.0	19,187.0

The change in accounting principles is credited to the other reserves in shareholders' equity.

Receivables from group companies

Receivables from group companies are carried at nominal value, where appropriate net of a provision. All receivables have a term shorter than one year.

Liquid assets

Liquid assets are carried at nominal value and are at the full disposal of the company.

Shareholders' equity

Movements in shareholders' equity are as follows:

	2003	2002
Balance at 1 January	19,222.4	6,922.2
Change of system	<u>-</u>	<u>11,786.7</u>
	19,222.4	18,708.9
Capital increases	17.0	534.0
Result	(7.5)	426.2
Dividend	<u>(394.6)</u>	<u>(466.7)</u>
Balance at 31 December	18,837.3	19,222.4

The change of system is reported within equity as an adjustment to other reserves.

The consolidated Annual Accounts of Fortis include the participating interests of Fortis N.V. at net asset value.

Consequently, shareholders' equity of Fortis N.V. differs from the consolidated shareholders' equity of Fortis, as Fortis N.V. values its participating interests at cost.

Capital paid-up and called-up

Movements in paid-up and called-up capital are as follows:

Capital paid-up and called-up at 1 January 2003: 1,335,062,099 shares	560.7
Issue of 2,820,535 shares	<u>1.2</u>
Capital paid-up and called-up at 31 December 2003: 1,337,882,634 shares	561.9

The nominal value of the new ordinary shares at 31 December 2003 is EUR 0.42 per share. The shares are fully paid up. On 7 May 2002 39,682,540 shares were issued due to the issuance of Floating Rate Equity-linked Subordinated Hybrid (FRESH) Capital Securities. These shares were then repurchased by the group company Fortifinlux SA. As these shares carry no voting rights and no dividend rights this repurchase is considered to be economically cancelled. Further information on FRESH securities is provided in note 4 of the Fortis Annual Accounts.

In 2003 a total of 2,820,535 shares were issued under the 2003 Share Purchase Programme. More information on employee stock options and share plans is provided in note 13 'Employee stock and option plans' of the Fortis Annual Accounts.

An option was granted to Stichting Continuïteit Fortis N.V. to acquire preference shares. More information about preference shares can be found in note 8 of the Fortis Annual Accounts.

Legal reserve

This concerns the legal reserve held for capitalized costs of share issues.

Movements in the legal reserve are as follows:

Opening balance at 1 January 2003	0.8
Change in 2003	<u>(0.1)</u>
Closing balance at 31 December 2003	0.7

Share premium reserve

Movements in share premium reserve are as follows:

Opening balance at 1 January 2003	6,127.7
Issue of 2,820,535 shares	<u>15.8</u>
Closing balance at 31 December 2003	6,143.5

Other reserves

Movements in other reserves are as follows:

Opening balance at 1 January 2003	12,107.0
From profit appropriation 2002	426.2
Final dividend 2002	(394.6)
Changes in legal reserve	<u>0.1</u>
Closing balance at 31 December 2003	12,138.7

Short-term liabilities**Taxes and other social security charges**

This item concerns capital tax to be paid.

Option plans

A description of the option plans on the shares of Fortis N.V. is included in the Annual Accounts of Fortis, notes 13 and 18.

Commitments not reflected in the balance sheet

Fortis N.V. has extended a guarantee to the Institute of London Underwriters on behalf of Bishopsgate Insurance Limited. Bishopsgate Insurance Limited terminated its membership of the Institute of London Underwriters on 31 December 1991. Fortis N.V.'s guarantee concerns the current commitments arising out of policies issued by the earlier mentioned Institute on behalf of Bishopsgate, and for Bishopsgate's commitments to the Institute.

Fortis N.V. has undertaken to third parties to stand surety for liabilities of Fortis companies to a total amount of EUR 53.4 million. Fortis SA/NV has issued a counter-guarantee for 50% of above guarantee. Fortis SA/NV and Fortis N.V. have each undertaken to stand surety for liabilities and credit facilities of Fortis companies in various currencies, in total equivalent to EUR 24,674.2 million (2002: EUR 26,205.7 million).

Profit and loss account**General**

The result is made up, among other, of income from financial fixed assets and interest income and expenses on the financing of financial fixed assets.

Operating income

Dividends from group companies

This item concerns the dividends received from participating interests.

	<i>2003</i>	<i>2002</i>
Fortis Utrecht N.V.	-	20.0
Fortis Brussels SA/NV	-	410.0
	<u>-</u>	<u>430.0</u>

Interest income

This item includes the interest income from receivables.

	<i>2003</i>	<i>2002</i>
Interest on convertible notes transferred to Fortis Finance N.V. as of 31 March 2002	-	9.6
Result on transfer of convertible notes	-	2.2
Other interest income	<u>0.7</u>	<u>0.1</u>
	0.7	11.9

Operating expenses

Interest expenses

	<i>2003</i>	<i>2002</i>
Additional payment on FRESH bond	7.8 ¹⁾	-
Interest on convertible notes transferred to Fortis Finance N.V. as of 31 March 2002	-	9.6
Other interest expenses	<u>-</u>	<u>2.4</u>
	7.8	12.0

1) If the dividend yield on Fortis shares exceeds 5% based on the share price on the day the dividend is announced, FRESH bondholders are entitled to an additional payment. As Fortis N.V. and Fortis SA/NV are co-issuers of this loan, Fortis N.V. is responsible for 50% of this payment.

General management expenses

	<i>2003</i>	<i>2002</i>
This concerns primarily costs of dividend payments, shareholders' meetings and the listing of the Fortis shares	0.2	0.5

An explanation of the total remuneration of the Board of Directors is included in note 18 of the Fortis Annual Accounts.

Tax

	<i>2003</i>	<i>2002</i>
Taxes	-	(3.0)

No tax gain was recorded for 2003, as this gain is not expected to be carried forward with profit for tax purposes in the future.

Utrecht, 11 March 2004

Board of Directors

Other information

Auditor's report

Introduction

We have audited the Annual Accounts for the year 2003 of Fortis N.V., as included in this report. These Annual Accounts are the responsibility of the company's management. Our responsibility is to express an opinion on these Annual Accounts based on our audit.

Scope

We conducted our audit in accordance with generally accepted auditing standards in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Annual Accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Annual Accounts. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Annual Accounts. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the Annual Accounts give a true and fair view of the financial position of the company as of 31 December 2003 and of the result for the year then ended in accordance with accounting principles generally accepted in Belgium, applied pursuant to article 2: 362 (1) of the Dutch Civil Code, and comply with the financial reporting requirements included in Part 9, Book 2 of the Dutch Civil Code.

Amstelveen, 11 March 2004

KPMG Accountants N.V.

Provisions of the Articles of Association concerning profit appropriation

These provisions are contained in Article 32, clauses 1-22 of the Articles of Association. The provisions concerning the dividend paid out on the cumulative preference shares A and B do not apply, as no such shares are outstanding. The Board of Directors determines which part of the profit is to be retained. The remainder of the profit is at the disposal of the General Meeting of Shareholders.

Profit appropriation

The Board of Directors proposes fixing the dividend for 2003 at EUR 0.92 (2002: EUR 0.88) per share. Shareholders may choose to receive either a Dutch- or a Belgian-sourced dividend. The final amount to be charged or allocated to the other reserves of Fortis N.V. in connection with the proposed dividend payment will be calculated once shareholders have indicated the source from which they wish to receive the dividend. Shareholders must state their choice by filling in a 'dividend election form'. If no express choice is made by the shareholders, automatic election rules (the so-called Default Rules) will be applicable. More information about these rules is contained in note 19 of the Fortis Annual Accounts.

Stichting Continuïteit Fortis

The objective of the Stichting Continuïteit Fortis is to ensure the continuity and to maintain the identity of Fortis such that the interests of all parties involved are guaranteed as fully as possible and to exclude where possible influences that are in conflict with those interests and that could impair the independence and identity of Fortis. The Stichting Continuïteit Fortis has been granted an option to acquire a number of preference shares of Fortis N.V. in a way that, following exercise of the option, the nominal amount of the preference share capital subscribed to by the Stichting is equal to the nominal amount of the rest of the share capital.

The Board of the Stichting Continuïteit Fortis consists of six members, four of them are independent and two of them are connected with Fortis. The independent directors represent each two votes and the directors connected with Fortis represent one vote each. The directors of the Stichting Continuïteit Fortis are appointed on the recommendation of the Boards of Directors of Fortis N.V. and Fortis SA/NV. The independent members are Mr. R.V.D. Mannekens and Mr. J.A. Steenmeijer (co-chairmen), Mr. H.J.H.M. Santens and Mr. J.M.M. Maeijer. The members connected with Fortis are Mr. V. Croes and Mr. J.J. Slechte; they are non-executive members of the Board of Directors of Fortis.

The Board of the Stichting Continuïteit Fortis met on one occasion in 2003. Subjects of discussion included the balance sheet and the status of income and expenditure of the Stichting, the Stichting's assets, the renewal of existing credit facilities, and developments in relevant national and European regulations.

In the year under review the Stichting held no preference shares.

Declaration of independence

The Board of Directors of Fortis N.V. and the Board of the Stichting Continuïteit Fortis declare that in their joint opinion the requirements of the Stichting Continuïteit Fortis, as formulated by Euronext Amsterdam N.V., have been met.

Utrecht, 11 March 2004

Fortis N.V.

Board of Directors

Stichting Continuïteit Fortis

The Board

R.V.D. Mannekens (chairman)

J.A. Steenmeijer (chairman)

Baron V. Croes

J.M.M. Maeijer

H.J.H.M. Santens

J.J. Slechte

Caution with respect to forward-looking statements

Certain of the statements contained in this Annual Report, including, without limitation, certain statements made in the sections hereof entitled 'Message to the Shareholders', 'Description of activities', 'Report of the Executive Committee' and 'Note 10, Risk management' are statements of future expectations and other forward-looking statements that are based on management's current views, estimates and assumptions about these future events. These forward looking statements are subject to certain risks and uncertainties that may cause actual results, performance or events to differ materially from those expressed or implied in such statements, including, without limitation, our expectations regarding cost and revenue synergies associated with the integration of our banking operations, including branch closures and levels of restructuring costs, the impact of recent acquisitions and the levels of provisions relating to our credit and investment portfolios. Other factors, more generally, which may impact our results, include, without limitation:

- general economic conditions, including in particular economic conditions in our core markets of Belgium and the Netherlands,
- changes in interest rates and the performance of financial markets,
- the frequency and severity of insured loss events,
- mortality, morbidity and persistency levels and trends,
- currency exchange rates, including euro-U.S. dollar exchange rate,
- changes in competition and pricing environments, including increasing levels of competition in Belgium and the Netherlands,
- changes in domestic and foreign laws, regulations and taxes,
- regional or general changes in asset valuations,
- the occurrence of significant natural or other disasters,
- the inability to reinsure certain risks economically,
- the adequacy of loss reserves,
- regulatory changes relating to the banking, insurance and/or investment industries,
- changes in the policies of central banks and/or foreign governments, and
- general competitive factors, in each case on a global, regional and/or national basis.

Places where the public can inspect company documents

The Articles of Association of Fortis SA/NV and Fortis N.V. can be inspected at the office of the Registry of the Commercial Court at Brussels (Fortis SA/NV), at the Chamber of Commerce in Utrecht (Fortis N.V.) and at the companies' registered offices.

The Annual Accounts are filed with the National Bank of Belgium (Fortis SA/NV) and the Chamber of Commerce in Utrecht (Fortis N.V.). Decisions on the appointment and removal of Board members of the companies are published, among other places, in the annexes to the Belgium Law Gazette (Fortis SA/NV) and the Euronext Amsterdam Daily Official List (Fortis N.V.).

Financial reports on the companies and notices convening General Meetings are published in the financial press, newspapers and periodicals. The annual reports of both companies are available from their registered offices and are also filed with the National Bank of Belgium and the Chamber of Commerce in Utrecht. They are sent each year to registered shareholders and to others on request.

Provision of information to shareholders and investors

Listed shares

At present the Fortis shares are listed on Euronext Brussels, Euronext Amsterdam and on the Luxembourg stock exchange. Furthermore, Fortis has a sponsored ADR programme in the United States. The VVPR are listed only on Euronext Brussels.

Ways in which shares can be held

Shares in Fortis may be registered or bearer shares.

Nominative subscription for and depositing of bearer shares

Fortis offers its shareholders the possibility of depositing their bearer shares. Once deposited, these shares remain bearer shares and are administered at no cost. The holder of bearer shares may, on request and at no cost, have his shares converted into registered shares. A holder of registered shares may, on request and at no charge, have his shares delivered in the form of bearer shares. Fortis SA/NV has worked out a procedure for the rapid conversion of bearer shares, facilitating rapid delivery. Shareholders may apply at any time for the transfer or sale of their deposited shares.

All information about the various procedures may be obtained from:

Fortis SA/NV, Corporate Administration
Rue Royale 20, 1000 Brussels, Belgium
Tel. +32 (0)2 510 54 13 or +32 (0)2 510 54 14
Fax +32 (0)2 510 56 31

Or:

Fortis N.V.
Secretariat Board of Directors
P.O. Box 2049, 3500 GA Utrecht, The Netherlands
Tel. +31 (0)30 278 33 10
Fax +31 (0)30 257 78 35

Information and communication

The company sends its communiqués, including those relating to the quarterly and annual results, as well as the Annual Report, free of charge to holders of registered shares which have been given to it in custody. The company invites all holders of deposited registered shares to attend the General Meeting personally, and sends them the agenda, the resolution proposals and a proxy form which they can use to have themselves represented at the Meeting and to enable them to take part in voting. When the dividend is made payable, the company automatically credits the bank accounts which have been given to it by the holders of deposited shares, with the amount of dividend accruing to them. The company also provides holders of deposited registered shares with extensive documentation in the event of share transactions concerning the practical aspects of the transaction in question

Together with the 2003 Fortis Annual Review these Annual Accounts constitute the Annual Report of Fortis. The Annual Accounts contain the Annual Accounts of Fortis, statutory Annual Accounts of Fortis SA/NV and the company Annual Accounts of Fortis N.V. The report of the Executive Committee is contained in the 2003 Annual Review.

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