

Explanatory note



Explanatory note to the Agenda of the Ordinary and Extraordinary General Meetings of Shareholders of Fortis SA/NV on 29 April 2008.

Agenda item 2.2.: Dividend

2.2.1 Comments on the dividend policy

The Board of Directors proposes to the Ordinary General Meeting of Shareholders a final cash dividend of EUR 0.59 per share. For the first half of 2007, Fortis has paid an interim dividend of EUR 0.70 per share in September, in line with its dividend policy to pay half of the dividend of the previous year. Adjusted for the impact of the Right Issue, the 2007 interim dividend is equal to EUR 0.586 per share¹.

Taking into account the adjusted 2007 interim dividend of EUR 0.586 and a proposed final dividend of EUR 0.59, the total proposed dividend for 2007 amounts to EUR 1.176 per share in cash, virtually equalling the adjusted 2006 dividend of EUR 1.17. This is fully in line with the dividend policy, which aims to pay a stable or growing dividend compared to the previous year, taking into account the current profitability, solvency and future prospects of the company.

Agenda item 3: Corporate governance

3.1. Note on and discussion of corporate governance at Fortis

Since 2005, Belgian listed companies have to explain in their annual report the provisions of the Belgian code on corporate governance, referred to as the Lippens Code, that were not complied with during the year under review.

Likewise, Dutch listed companies have been obliged since the beginning of the 2004 financial year to state in their annual reports that they apply the Tabaksblat Code or to explain any deviations.

1. An explanation of the calculation of the adjustment factor is included in the Financial Statements.

Notes on how Fortis applies both the Lippens Code and the Tabaksblat Code can be found in the Corporate Governance section of the Fortis Annual Review 2007.

Agenda item 4: Appointments

4.1.1. Reappointment of Count Maurice Lippens

The Board of Directors proposes to the Ordinary General Meeting of Shareholders the reappointment of Count Maurice Lippens as non-executive Director for a period of four years, until the end of the Ordinary General Meeting of Shareholders of 2012.

Count Maurice Lippens, a Belgian national, was born in 1943. He graduated in law from Brussels University (1967) and gained an MBA from Harvard Business School (1972). He has been a non-executive Director of Fortis SA/NV and of Fortis N.V. since 2000 and the sole Chairman of Fortis's Board of Directors since 26 May 2004. He was executive Co-chairman of Fortis between 1990 and 2000. Between 1981 and 1990, he was Director of the insurance company that today forms part of Fortis Insurance Belgium.

Positions held with other listed companies: Director GBL (Group Bruxelles Lambert), Director Belgacom.

Other positions: Chairman Compagnie Het Zoute, Director Iscal Sugar, Director Finasucre, Director Groupe Sucrier, Member Trilateral Commission, Member Insead Belgium Council, Chairman of Guberna, Chairman of the Corporate Governance Committee (Belgium)

Considering Count Maurice Lippens's experience and contribution to Fortis, and considering the transformation challenge that Fortis will be facing in the coming years, following the ABN AMRO transaction, the Board considers it in the

interest of Fortis that Count Maurice Lippens remains Chairman of the Board of Directors. As the Board is also of the opinion that the terms of Chairman and CEO should preferably not overlap, the Board proposes his reappointment for a four year period.

With this recommendation the Board, for the reasons explained above, departs from the rule, included in the Dutch governance code, which states that a member can serve for a maximum of 12 years. In view of the Belgian governance code, it is furthermore detailed that the Board continues to consider Count Maurice Lippens independent.

4.1.2. Reappointment of Mr Jacques Manardo

The Board of Directors proposes to the Ordinary General Meeting of Shareholders to re-appoint Mr Jacques Manardo as non-executive Director for a three-year term, until the end of the Ordinary General Meeting of Shareholders of 2011.

Mr Jacques Manardo is a French national, born in 1946, and has joined the Fortis Board of Directors in 2004. He holds a Masters' degree in Private Law and is a Chartered Accountant.

From 1968 to 1981, he was an Auditor with Coopers Brothers, then Coopers & Lybrand, of which he became Partner in 1972. In 1981, he was co-founder of the French Audit and Consulting Firm, associated with Touche Ross, which merged in 1989 with Deloitte to form Deloitte & Touche. Mr Jacques Manardo was CEO of the French firm from 1981 and then of the Franco-Spanish firm until 2000. Within Deloitte & Touche, he was, from 1985 to 1997, Chairman of the European region, from 1998 to 2000, Global Managing Partner Strategic Clients, and from 1984 to 2001 Member of the Worldwide Executive Committee. He has been also Chairman of the Big 6 European "Contact Group" and Member of the International Accounting Standards Committee (IASC), "Strategy Working Party".

After leaving Deloitte & Touche in 2001, he was retained by the same firm as Advisor for worldwide missions, following the disintegration of Andersen and the spin off of non audit businesses of Deloitte & Touche. Mr Jacques Manardo is a Chevalier de la Légion d'Honneur.

Positions held with other listed companies: None.

Other positions: Director Management Consulting Group PLC, Director BLB, Director French Institute Alliance Française - New York (Member Finance Committee), Member Le Siècle (Paris).

4.1.3. Reappointment of Mr Rana Talwar

The Board of Directors proposes to the Ordinary General Meeting of Shareholders to re-appoint Mr Rana Talwar as non-executive Director for a three-year term, until the end of the Ordinary General Meeting of Shareholders of 2011.

Mr Rana Talwar is an Indian national, born in 1948, and has joined the Fortis Board of Directors in 2004. He graduated in

Economics, History and Psychology from Delhi University. From 1969 until 1997 he worked with Citibank. From 1969 until 1977 in India, then in Saudi Arabia and Hong Kong and from 1988 in Singapore, as Division Head Asia Pacific. In 1991, he became Executive Vice-President Asia Pacific and Middle East and Member of Citicorp/Citibank Policy Committee. From 1995 until 1997 he was Executive Vice President, North America and Europe, based in Brussels and Chicago. Mr Rana Talwar left Citibank in 1997 to become Group Executive Director of Standard Chartered PLC, London, of which he became Group Chief Executive from 1998 until 2001. In 2002, Mr Rana Talwar set up Sabre Capital Worldwide, a private equity business, aiming at the acquisition of financial institutions, with a focus on emerging markets.

Positions held with other listed companies: Non-Executive Director Schlumberger Ltd., Non-executive Director of Delhi Land and Finance Ltd.

Other positions: Chairman Sabre Capital Worldwide, Chairman Centurion Bank Ltd., Director Indian School of Business.

4.1.4. Reappointment of Mr Jean-Paul Votron

The Board of Directors proposes to the Ordinary General Meeting of Shareholders that Mr Jean-Paul Votron be re-appointed executive Director for a period of three years, until the end of the Ordinary General Meeting of Shareholders of 2011.

Mr Jean-Paul Votron was born in 1950 and is a Belgian national. He started his career in 1975 at Unilever, where he had management responsibilities in international sales, marketing and general management. Between 1991 and 1997 he served in different positions with Citibank in Europe and the US. He was President of Citibank Belgium and Marketing Director for Europe, Director of Marketing and technology US and Europe Consumer Bank, Director Insurance in the US, Head of US Investment Business (Chicago), and Chairman and CEO of Citibank FSB, a branch network in the US. After working with ABN-AMRO as Senior Executive Vice-President International Consumer Banking and E-Commerce from 1997 until 2001, he rejoined Citigroup, where he was appointed a member of the Management Committee of Citigroup in 2002 and became Citigroup's CEO Retail Bank for Western Europe, Central Europe, Russia, Middle East and Africa. He graduated from ICHEC College in Brussels in 1973 with a master's degree in Commercial and Financial Sciences, followed by a special degree in Business Strategies and International Management.

In line with Belgian law, Mr Jean-Paul Votron was first co-opted as member of the Board of Directors as from 11 October 2004. He was thereafter appointed by the General Shareholders Meeting of 25 May 2005 for a three year term. He holds the title of Chief Executive Officer (CEO). Mr Jean-Paul Votron is also a member of the Supervisory Board of ABN AMRO Holding N.V. and ABN AMRO Bank N.V. and a member of the Board of RFS Holdings B.V., the entity

established by the consortium composed of Fortis, RBS and Santander for the acquisition and restructuring of the ABN AMRO group. He is also a member of the Management Committee of the Federation of Enterprises in Belgium and Board Member of ICHEC (Institut Catholique des Hautes Études Commerciales).

Mr Jean-Paul Votron's proposed term of office is in line with the recommendations of the Belgian Corporate Governance Code (i.e. a maximum of four years) and the company's articles of association.

The remuneration package of Mr Jean-Paul Votron as of the date of re-appointment by the General Meeting of Shareholders, has been determined by the Board, pursuant to the authority vested in the Board by the company's articles of association and in accordance with the Remuneration Policy as adopted by the General Meeting of Shareholders on 11 October 2004. This Remuneration Policy is detailed in the Fortis Governance Statement and in the Annual Report (Note 11 to the Annual Accounts).

Mr Jean-Paul Votron's new contract has been entered into for a fixed term, coming to an end at the end of the Ordinary General Meeting of Shareholders of 2011. The specific annual performance objectives are not (and will not be) published, since the Board considers this information sensitive, but have been determined in line with the prevailing Remuneration Policy.

The nomination and re-appointment of Mr Votron as executive member of the Board has no material effect on the terms and conditions as agreed with him in 2004 (including the variable remuneration components, i.e. the Annual Incentive and the Long Term Incentive), except for the following amendments thereto:

- Mr Votron's annual base salary will amount for 2008 to EUR 1,300,000 (gross) to ensure alignment with the significantly higher amounts of base salary paid by Fortis peers to their CEOs.
- If Fortis terminates the contract, Mr Jean-Paul Votron will be paid gross compensation amounting to a maximum of one year base salary (*previous contract: twice the base salary*).
- The pension contribution by Fortis will amount to EUR 500,000 plus 25% of the difference between the new base salary and the previous one (*pension contribution previous contract: EUR 500,000*).
- Mr Jean-Paul Votron will not receive new Stock Appreciation Rights (*previous contract: at the end of the initial contract a minimum amount of EUR 1,000,000 and a maximum of EUR 2,750,000 was payable, dependent on the performance of the Fortis share during the initial contract term*).

4.2. Appointment of Mr Louis Cheung Chi Yan

The Board of Directors proposes to the Ordinary General Meeting of Shareholders the appointment of Mr Louis Cheung Chi Yan, as non-executive Director for a period of three years, until the end of the Ordinary General Meeting of Shareholders of 2011.

As disclosed on 29 November 2007, Fortis SA/NV and Fortis N.V. have reached an agreement on 28 November, 2007, with Ping An Insurance (Group) Company of China, Ltd. setting forth the rules applicable to the 4.18% shareholding acquired by Ping An at the time in Fortis. This agreement, concluded for an initial term of three years, results in an action in concert between Ping An and Fortis. The agreement, as well as the related proposal for the appointment of Mr Louis Cheung Chi Yan, is in line with Fortis' strategy to grow outside the Benelux region and with a view to deepening understanding of the increasingly important Asian markets.

Mr Louis Cheung Chi Yan has been an Executive Director with Ping An since May 2006 and has been serving as Group President and Chief Financial Officer since October 2003 and February 2003 respectively. He joined Ping An Insurance Company in February 2000 and previously served as Senior Advisor to the Chairman, Chief Information Officer and Senior Vice President. From 1993-2000, Mr Louis Cheung Chi Yan was a management consultant and later became a global partner of McKinsey & Company, advising mainly financial services clients throughout Asia. Mr Louis Cheung Chi Yan has a Ph.D. degree in Business Information Systems from the University of Cambridge.

4.3. Appointment of KPMG – Réviseurs d'Entreprises SC s.f.d. SCRL

The Board of Directors proposes to the Ordinary General Meeting of Shareholders the appointment of KPMG as sole auditor for Fortis for the financial years 2009, 2010 and 2011. Since its creation in 1990, Fortis has worked with two external auditors, each of them responsible for the statutory accounts of one holding company, and both together responsible for the consolidated accounts. As Fortis has become an increasingly international company composed of cross-border businesses, the Board of Directors has decided to switch to a single international audit firm. Following an audit tender, organized in 2007, the Board opted to assign the external statutory and consolidated audit of Fortis SA/NV and Fortis N.V. as well as of their subsidiaries to KPMG. The proposal, as well as the underlying main conclusions of the review by the Fortis Audit Committee of the performance by KPMG as one of the two external auditors of Fortis over the past 3 years, will be further commented upon in the General Meeting of Shareholders on 29 April 2008. In this context, and in accordance with article 135 of the Belgian Companies' code, the Board of Directors proposes to appoint KPMG – Réviseurs d'Entreprises SC s.f.d. SCRL, represented by MM Olivier Macq and Michel Lange, as statutory auditor of Fortis SA/NV for the financial years 2009, 2010 and 2011. The annual remuneration is fixed at an amount of Euro 396,950.

Agenda item 5: Acquisition and disposal of Fortis Units

The reason for this authorisation to allow the Board of Directors to acquire Fortis shares for a period of 18 months, is to provide the Board of Directors with the flexibility necessary to manage net equity and to respond appropriately to any demand for Fortis twinned shares that may arise at any time. The actual reason to exercise this authorisation may, for example, be that shares need to be acquired to hedge share and option purchase schemes, or to prevent the dilution of earnings per share.

By law, this authorisation may not exceed a period of eighteen months and must specify the exact number of shares that the Board can acquire and the maximum and minimum price that may be paid.

Agenda item 6: Amendments to the Articles of Association

6.2. Section: Capital – Shares

Article 9: Authorised capital

The special report of the Board of directors prepared in accordance with article 604 of the Belgian Companies Code explains in detail the circumstances in which the authorized capital can be used and the objectives pursued. Part of the authorized capital (236,000,000 shares) must enable the company to seize on any growth opportunities which may arise, the other part (236,000,000 shares) must enable the company to cover the commitments entered into in the context of the issue of some financial instruments.

Furthermore, it is proposed to cancel the paragraph relating to the specific authorized capital granted in the context of the ABN transaction, the validity delay of which has elapsed.