



## Status of Fortis

*Following the closing of the transactions  
and Q1 09 trading update*

*PREPARING FOR A NEW START*



**May 2009**

# Agenda

## 1 Management update Fortis

2 Q1 09 Trading update

3 Annual results 2008

4 General information Fortis share

### Annexes

- *Selected information on full year 2008 results*
- *Details on Royal Park Investments*



## Management update status Fortis

### **Transactions with BNP Paribas, Fortis Bank & Belgian State closed on 12 May 2009**

- Transactions approved by shareholders on 28 & 29 April 2009
- Fortis to become a leading insurance group

### **Total gross inflow in Q1 09 at EUR 4.2 billion, up 28% quarter on quarter**

- Net result EUR 44 million despite EUR 96 million negative impact of write-downs on investment portfolio
- Overall strong solvency : core equity EUR 5.4 bn above regulatory minimum required

### **2008 net loss of EUR 28.0 billion**



- Annual result heavily impacted by net loss on discontinued operations
- Satisfactory operating results insurance companies, despite negative impact financial markets
- No dividend payment over 2008

### **Strategic exercise to start**

- Communication envisaged after the summer

## Management agenda 2009

### Transactions :

- Shareholders' approval for transactions 
- Closing transactions : on 12 May 2009 
- Clarify remaining outstanding issues (e.g. MCS)

### Operations :

- Strategic review / Develop equity story
- Reshape organisation in function of operational needs



**Rebuild the company / Prepare a new start**

## Headlines closing agreement BNP Paribas, Fortis Bank & Belgian State (1/3)

### **Sale of 25% + 1 share of Fortis Insurance Belgium to Fortis Bank**

- Sales price of EUR 1,375 million, capital gain of approx. EUR 700 million
- Exclusive distribution agreement between FIB and Fortis Bank remains in place until end 2020
- Put option for Fortis Bank to sell its stake to Fortis as of 1 January 2018

### **Agreement on broader commercial collaboration in Non-Life**

- Outside Belgium, France, Turkey and certain other markets

### **CASHES : agreement in line with Avenant 31 January 2009**

- No upfront payment of EUR 2.35 billion to Fortis Bank
- Relative Performance Note (RPN) remains in place
- Quarterly interest payment by Fortis to Fortis Bank or vice versa
  - Based on capped value of the RPN
  - At EURIBOR 3 m+20 bps
  - Plus a fee for the guarantee of the Belgian State (in relation to any amount due to Fortis Bank)
- Fortis to investigate if and how fair value of this interest settlement can be calculated in Q2 09

## Headlines closing agreement BNP Paribas, Fortis Bank & Belgian State (2/3)

### **Acquisition part structured credits portfolio of Fortis Bank**

- Royal Park Investments (RPI) created by Fortis, SFPI/FPIM & BNP Paribas
- Purchase price portfolio EUR 11.7 bn, 57% of corresponding face value (EUR 20.5 bn)
- Equity tranche of EUR 1.7 bn ( Fortis 44.7% ; SFPI/FPIM 43.5%; BNP Paribas 11.8%)
- Debt tranche of EUR 10 bn
  - Senior tranche of EUR 5 bn (Fortis Bank EUR 4.5 bn & BNP Paribas EUR 0.5 bn), guaranteed by Belgian State
  - Super senior tranche of EUR 5 bn financed by Fortis Bank
- Total investment Fortis limited to EUR 760 million

### **EUR 1 bn loan from Fortis Bank to Fortis**

- 2 tranches : EUR 760 million to finance investment in RPI / EUR 240 million for general corporate purposes
- 4 year loan at market-conform terms
- Loan not yet taken up
  - EUR 760 mio : Decision to be taken before 30 September 2009
  - EUR 240 mio : Decision to be taken during first year of the term
- Guarantee provided by the Belgian State to Fortis Bank

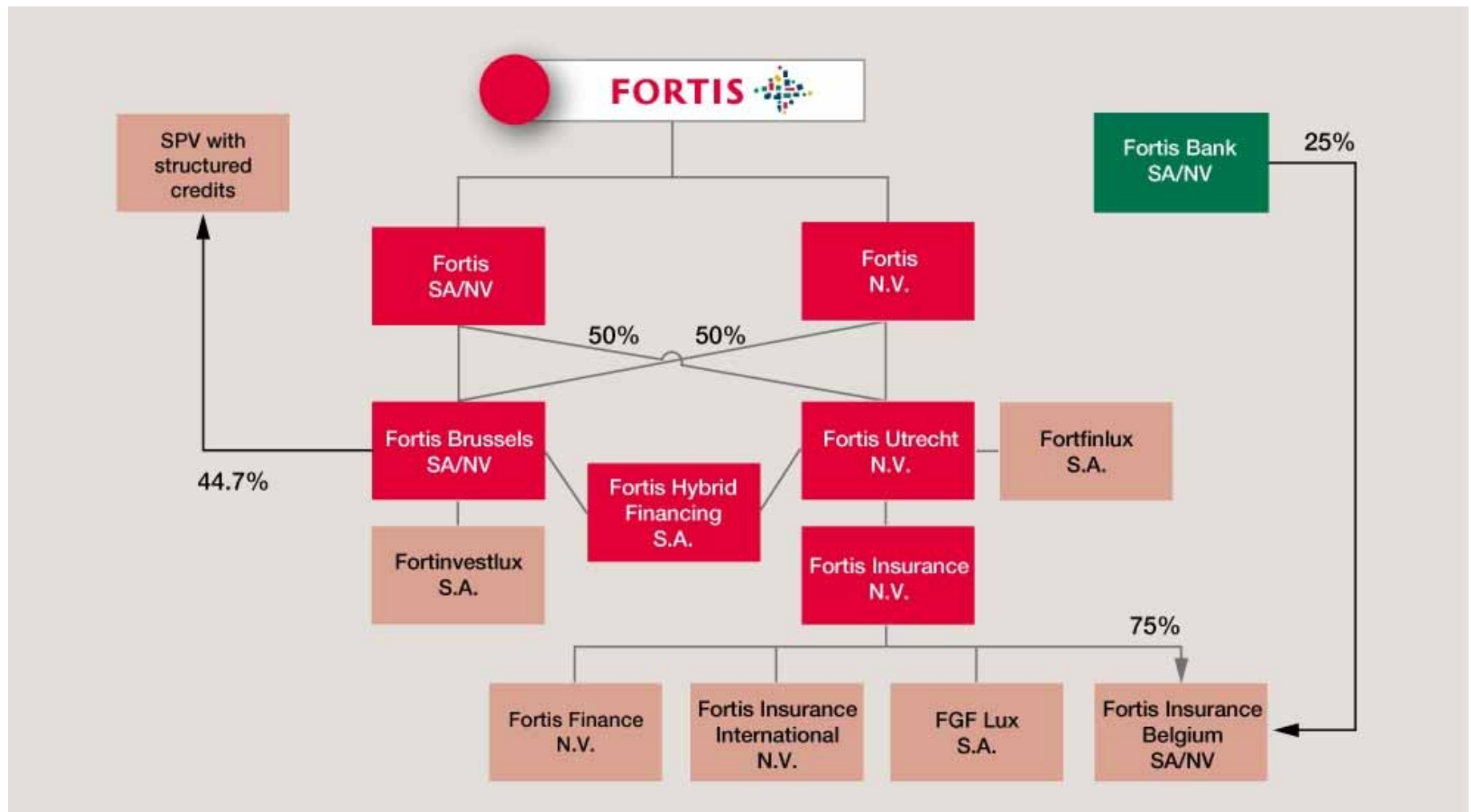
# Headlines closing agreement BNP Paribas, Fortis Bank & Belgian State (3/3)



## Call option on BNP Paribas shares

- 6 years - after expiration lock-up of 2 years - to be settled in cash (i.e. as of 10 Oct 2010 up to 9 Oct 2016)
- Strike price of EUR 68
- Certain anti-dilution protection clauses added
- Option accounted at fair value under “Other assets”
  - Value will be calculated in the 2<sup>nd</sup> quarter of 2009

# New Fortis after approval transaction by shareholders



# Fortis Insurance activities well spread over Europe and Asia

## UK (100%)

- Number 3 car insurer
- Multi channel-distribution
- Gross written premiums 08 : EUR 954 mio

## Germany (100%)

- Start-up in 2007
- Multi channel Credit Life and Unit Linked products
- Gross inflow 08 : EUR 29 mio

## Ukraine (100%)

- Acquisition #7 life insurer in 2006
- Rebranded as Fortis
- 180,000 customers

## Russia (100%)

- Greenfield launched in 2007
- Direct and worksite sales of term life/savings
- Multi channel with bancassurance and agents

## Belgium (100%)

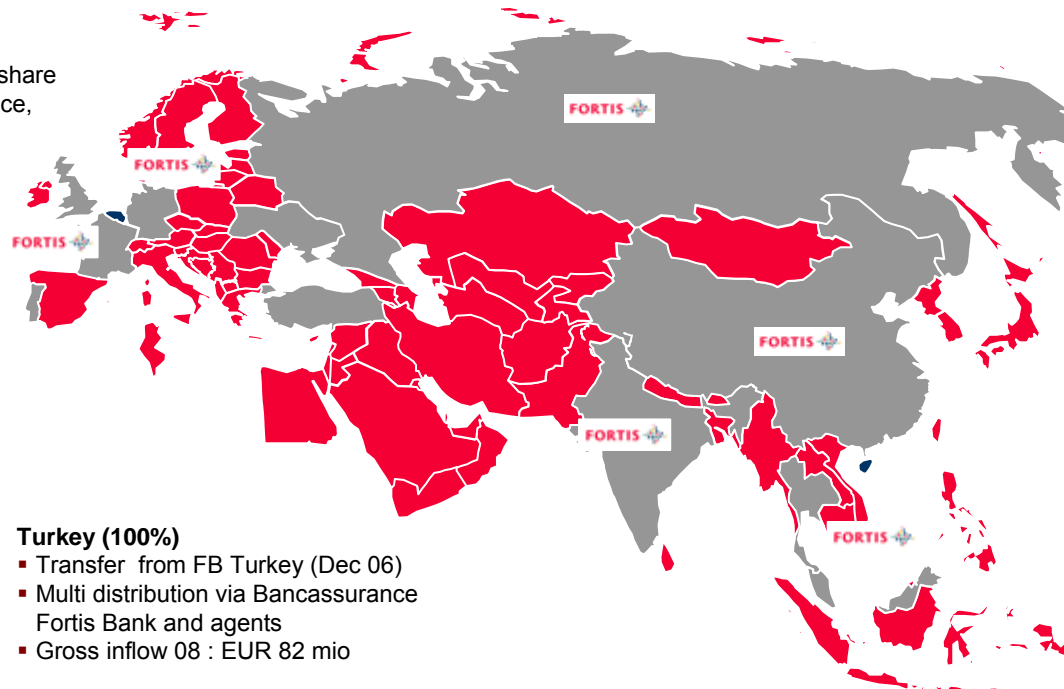
- Number 1 insurer, 25% market share
- Multi channel with Bancassurance, broker and EB channels
- Innovative products
- Gross inflow 08 : EUR 4,8 bn
- Gross written premiums 08 : EUR 1.5 bn

## France (100%)

- Own agency force and independent agents
- Implementing an integrated Bancassurance model
- Gross inflow 08 : EUR 433 mio

## Luxembourg (50% Life, 100% Non-Life)

- Focus on Private Banking clients, sales via FOS on international scale
- Gross inflow 08 : EUR 1 bn



## Turkey (100%)

- Transfer from FB Turkey (Dec 06)
- Multi distribution via Bancassurance Fortis Bank and agents
- Gross inflow 08 : EUR 82 mio

## Portugal (50%)

- Start in 2005
- Launching innovative life products Q1 08
- Gross inflow 08 : EUR 2.2 bn

## IDBI Fortis (India) (26%)

- Greenfield launched in 2008
- A new JV with IDBI and Federal Bank. Fortis owns 26%
- Multi-channel distribution with bancassurance, brokers and agents
- 49,000 policies in 9 months
- Gross inflow 08 : EUR 30 mio

## Fortis Insurance Company Asia (Hong Kong) (100%)

- Acquired in 2007
- 2.5% New business market share; overall 2%
- >2,800 agents and developing the IFA channel
- Gross inflow 08 : EUR 282 mio

## Taiping Life (China) (25%)

- JV Cooperation started in 2001
- Nr 6 Life insurer
- National network of ca. 550 offices
- Bancassurance & Agency (>50,000 agents) distribution
- All major banks, >4,500 branches
- Gross inflow 08 : EUR 1.9 bn

## Muang Thai Fortis (Thailand) (40% Life, 15% Non-Life)

- Entry in 2004
- Nr 3 Life insurer
- Nr 5 Non-Life insurer
- Multi channel
- Gross inflow 08 : EUR 358 mio

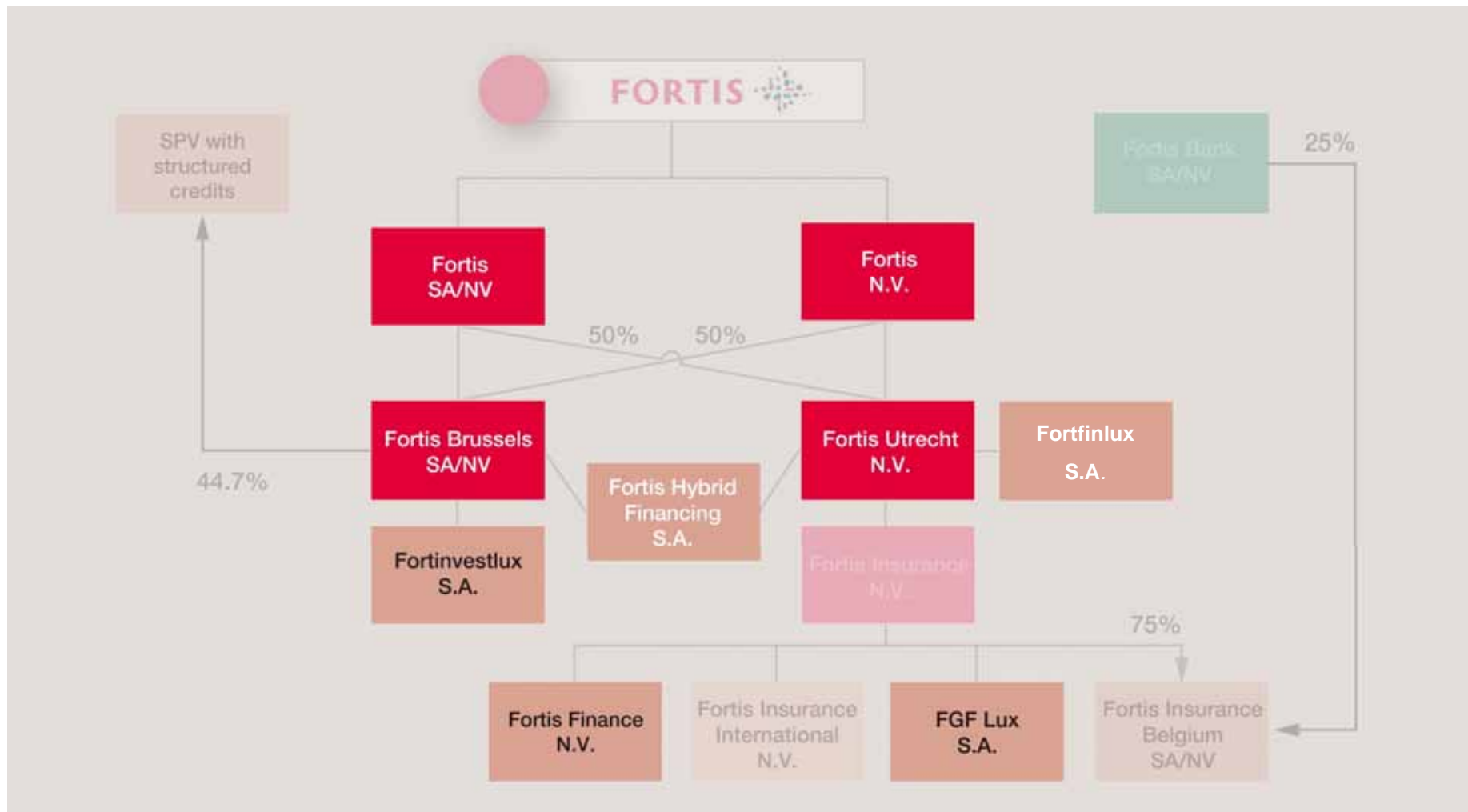
## Mayban Fortis (Malaysia)/ eTiQa (31%)

- JV Cooperation started in 2001
- Number 1 life insurer (in terms of new business, market share 16%)
- No. 1 in Bancassurance
- No. 1 in Takaful insurance
- Multi-channel distribution
- Gross inflow 08 : EUR 435 mio
- Gross written premiums 08 : EUR 269 mio

# Insurance results based on a consistent 5-lever strategy



# General mainly consists of holding c'ies & financing vehicles



## Overview funding of Royal Park Investments



State of  
Belgium  
(SFPI/FPIM)



**BNP PARIBAS**



**FORTIS** BANK  
BANQUE

Capital	740 (43.5%)	200 (11.8%)	760 <sup>(2)</sup> (44.7%)		<b>1,700</b>
Senior		500		4,500 <sup>(1)</sup>	<b>5,000</b>
Super Senior				5,000	<b>5,000</b>
Total Capital & Debt	740	700	760	9,500	<b>11,700</b>

<sup>(1)</sup> Guaranteed by Belgian State

<sup>(2)</sup> Fortis Bank will provide a EUR 1 bn loan to Fortis Holding to be used amongst others to fund the equity of the SPV.  
This loan is guaranteed by Belgian State

## Overview selected assets Royal Park Investments

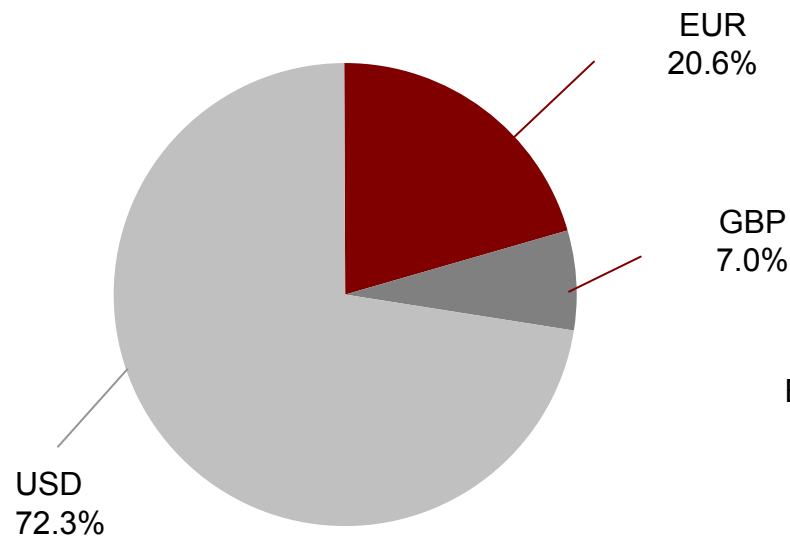
	Agreed price (in EUR bln)	Agreed price (as % of par)
<b>US RMBS</b>	<b>5.4</b>	
prime	1.1	85%
subprime	0.4	57%
midprime	0.9	57%
Alt-A/Jumbo	1.0	60%
Alt-A/30yr fixed	0.6	75%
NegAm	1.2	54%
HELOC	0.2	49%
<b>ABS CDO Origination</b>	<b>1.1</b>	
Super Senior High Grade	1.0	25%
Super Senior Mezzanine	0.1	10%
Warehouses	0.0	9%
<b>US multi-sector CDO</b>	<b>0.6</b>	<b>65%</b>
<b>US Student Loans (private)</b>	<b>0.6</b>	<b>79%</b>
<b>CRE-CDOs</b>	<b>0.4</b>	<b>91%</b>
<b>ABS CDOs &amp; Other</b>	<b>0.9</b>	
US	0.2	48%
ROW	0.7	84%
<b>High Yield CBOs</b>	<b>0.1</b>	<b>94%</b>
<b>European RMBS</b>	<b>2.3</b>	
Spanish & other	1.6	85%
UK non-conforming	0.7	88%
<b>CLOs</b>	<b>0.1</b>	<b>85%</b>
<b>Other*</b>	<b>0.2</b>	<b>90%</b>
<b>Total</b>	<b>11.7</b>	<b>57%</b>

\*includes Equipment Leases (25%), Auto (23%), SMEs (7%), Dealer Floorplan (2%), Whole-business (20%), DPRs (13%), Credit Cards (9%) & CMBS (1%)

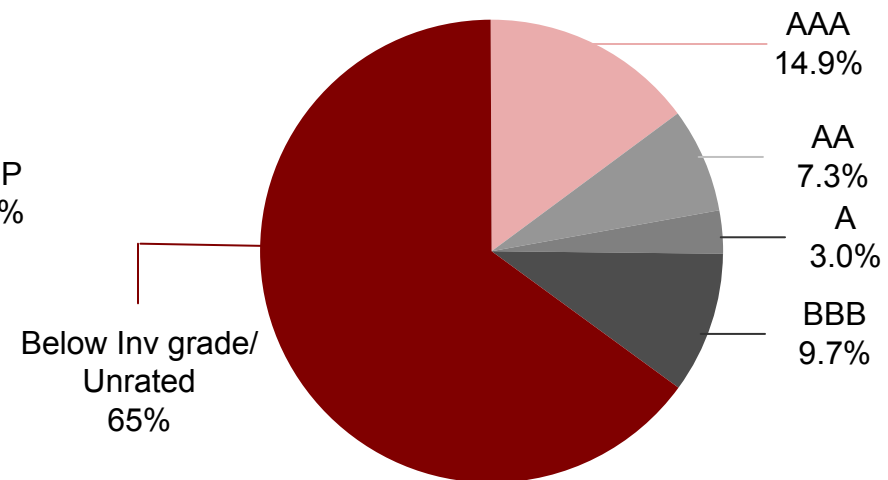
- **Corresponding face value (nominal minus redemptions) of EUR 20.5 billion**
- **Weighted average life portfolio equals 5.6 years**

# Quality portfolio assets Royal Park Investments

Breakdown by currency



Breakdown by rating



- The super senior tranche is divided in forex sub-loans to mitigate currency risk
- Expected average income IBOR +25 to 30 bps (on nominal value) vs cost IBOR + average mark-up of 60 bps (on debt)

- EUR 13.2 bn first order securitization, EUR 7.3 bn second order securitisation
- EUR 18.7 bn senior, EUR 1.8 bn non-senior

# Clarification interest payment mechanism RPN note (CASHES)

## Original Relative Performance Note (RPN) concept :

- ✓ Hedge mechanism installed to neutralize impact on Fortis Bank of differences in value changes of CASHES and Fortis shares

## New RPN concept under terms agreement with BNP Paribas & Belgian State

- ✓ RPN remains in place until reimbursement of all of the CASHES
- ✓ 31 Jan Avenant foresees quarterly interest payment mechanism based on evolution of RPN
- ✓ Interest payment based on EURIBOR 3m + 20 bps + a fee for guarantee Belgian State

## Example : 2 parameters determine calculation : market value CASHES & Fortis share price

- ✓ Assumptions : CASHES at 35% of par value; share price at EUR 2.35; EURIBOR 3m at 2.2%
- ✓ Calculation :

- ▶ Evolution value CASHES :  $\text{EUR } 3 \text{ bn} - (\text{EUR } 3 \text{ bn} * 35\%) = \text{EUR } 1.9 \text{ bn}$
- ▶ Evolution value Fortis share :  $\text{EUR } 2.35 \text{ bn} - (125 \text{ mio} * \text{EUR } 2.35) = \text{EUR } 2.06 \text{ bn}$
- ▶ Interest payment (per quarter) :  $(\text{EUR } 1.9 \text{ bn} - \text{EUR } 2.06 \text{ bn}) * 2.4\%/4 = \text{EUR } 0.8 \text{ mio}$

## Strategic review will focus on

### **Analysis current business portfolio**

- Review existing insurance businesses
- Organic and inorganic growth opportunities
- Review operating model

### **Capital management**

- Define new capital targets
- Balance sheet optimization (capital & debt)
- Assess free cash flows based on new business plan
- Define dividend policy

### **Optimization / Simplification legal structure**

- Simplify holding structure Belgium and The Netherlands
- Reduce complexity and ties with previous subsidiaries (FBB, FBN, FIN)



**Communication planned for Q3 09**

## Conclusion : Our ambition is to rebuild Fortis as a strong insurance player

### **Fortis is a prominent insurance company based on**

- A leading market position in its home market Belgium
- Strong commercial collaboration with Fortis Bank in Life and Non-Life (Belgium)
- Strong market positions in selected countries in Europe & Asia

### **Future growth based on strong fundamentals**

- Strong growth platforms in Europe & Asia
- Collaboration with BNP Paribas creates new opportunities for Non-Life (outside Belgium)
- A strong solvency and a solid cash position
- A low risk profile

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## Gross inflow in Q1 09 significantly up quarter on quarter

### **Total gross inflow Q1 2009 of EUR 4.2 bn (consolidated & non-consolidated companies)**

- Total consolidated / non-consolidated inflow : EUR 3.1 bn / EUR 1.1 bn
- +28% vs Q4 08 / (2%) vs Q1 08
- Belgium / International : EUR 1.9 bn / EUR 2.3 bn
- Life / Non-Life : EUR 3.4 bn / EUR 0.8 bn

### **Net result Q1 2009 EUR 44.0 mio**

- Negative impact investment portfolio of EUR 96 million (net-of-tax)
- Insurance Belgium / Insurance International : EUR 5 mio / EUR 8 mio
- General : EUR 31 million, including EUR 30 million on RPN (CASHES)

**Fortis' core equity at EUR 8.0 bn, EUR 5.4 bn above required minimum**

**Shareholder's net equity at EUR 6.7 bn, net cash position General EUR 1.6 bn**

**Inflow in April and 1<sup>st</sup> half May in line with Q1, confirming positive trend**

**Q2 09 result will include a number of items related to closing transactions**

## Belgium : Gross inflow Q1 09 up 37% quarter on quarter

### Total gross inflow Q1 2009 of EUR 1.9 bn

- +37% vs Q4 08 / (5%) vs Q1 08
- Life / Non-Life : EUR 1.4 bn / EUR 0.5 bn

### Life : EUR 1.4 billion, +38% vs Q4 08, (8%) vs Q1 08

- Individual Life : EUR 1.1 billion
  - Higher inflows in bank channel (EUR 934 million)
  - Broker channel remains under pressure (EUR 178 million)
- Group Life : EUR 0.3 billion
  - +13% vs Q4 08 and in line with Q1 08

### Non-Life : EUR 0.5 billion, +34% vs Q4 08, +5% vs Q1 08

- Broker channel : EUR 403 million
  - Increase inflow in broker channel of SME segment (+9% vs Q1 08)
- Bank channel : EUR 62 million (+1% vs Q1 08)

### Net result Q1 09 of EUR 5 million

- EUR 86 million net-of-tax negative impact on investment portfolio (mainly Life)
- Non-Life impacted by bad claims in Fire and Motor (severe winter conditions)

## International : Gross inflow Q1 09 up 22% quarter on quarter

### **Total gross inflow Q1 2009 of EUR 2.3 bn (consolidated + non-consolidated)**

- +22% vs Q4 08 / +1% vs Q1 08
- Consolidated / Non-consolidated : EUR 1.2 bn / EUR 1.1 bn
- Life / Non-Life : EUR 1.9 bn / EUR 0.4 bn

### **Life : EUR 1.9 billion, +23% vs Q4 08, +2% vs Q1 08**

- Asia +54% / Europe +1%
- Strong performance in Asia partially offset by lower inflow in France & Luxemburg
  - Difficult market environment for unit-linked products

### **Non-Life : EUR 0.4 billion, +16% vs Q4 08, (7%) vs Q1 08**

- Fortis UK main contributor +11% vs Q4 08 at constant exchange rates

### **Net result Q1 09 of EUR 8 million**

- EUR 10 million net-of-tax negative impact on investment portfolio (mainly Life)
- Non-Life impacted by exceptional winter weather-related claims

## General : EUR 31 million net result in Q1 09

### **Positive net interest income related to positive net cash position**

- Positive impact cash related to transactions October 2008
- Outstanding amount EMTN program further reduced to EUR 1.0 bn at end of March 09

### **Total expenses almost halved vs Q1 08**

- Staff expenses positively impacted by reduction corporate employees
- Other expenses down by 40% vs Q4 08, though still high due to non-recurring cost elements

### **Including EUR 30 million positive impact of the Relative Performance Note**

### **Net cash position General on 31 March 09 EUR 1.6 bn**

- Cash transfer of EUR 300 million to Fortis Insurance International to improve funding position

## Summary overview inflow Insurance activities Q1 09

	Q1 2009	Q1 2008	Change	Q1 2009	Q4 2008	Change
<b>Fortis Insurance Belgium</b>						
Gross written premiums	1,285	1,355	-5%	1,285	890	44%
Investment contracts without DPF	116	176	-34%	116	128	-9%
<b>Gross Inflow Life</b>	<b>1,401</b>	<b>1,531</b>	<b>-8%</b>	<b>1,401</b>	<b>1,018</b>	<b>38%</b>
Gross Written premium Non life	453	430	5%	453	339	34%
<b>Total inflow FIB</b>	<b>1,854</b>	<b>1,961</b>	<b>-5%</b>	<b>1,854</b>	<b>1,357</b>	<b>37%</b>
<b>Fortis Insurance International</b>						
Gross written premiums	548	394	39%	548	648	-15%
Investment contracts without DPF	420	708	-41%	420	331	27%
<b>Gross Inflow Life</b>	<b>968</b>	<b>1,102</b>	<b>-12%</b>	<b>968</b>	<b>979</b>	<b>-1%</b>
Gross Written premium Non life	288	324	-11%	288	249	16%
Equity associates	1,074	886	21%	1,074	682	58%
<b>Total inflow FII</b>	<b>2,330</b>	<b>2,312</b>	<b>1%</b>	<b>2,330</b>	<b>1,910</b>	<b>22%</b>
<b>Fortis Insurance</b>						
Gross written premiums	1,833	1,749	5%	1,833	1,538	19%
Investment contracts without DPF	536	884	-39%	536	459	17%
<b>Gross Inflow Life</b>	<b>2,369</b>	<b>2,633</b>	<b>-10%</b>	<b>2,369</b>	<b>1,997</b>	<b>19%</b>
Gross Written premium Non life	741	754	-2%	741	588	26%
<b>Total inflow consolidated</b>	<b>3,110</b>	<b>3,387</b>	<b>-8%</b>	<b>3,110</b>	<b>2,585</b>	<b>20%</b>
Equity associates	1,074	886	21%	1,074	682	58%
<b>Grand Total incl equity associates</b>	<b>4,185</b>	<b>4,273</b>	<b>-2%</b>	<b>4,185</b>	<b>3,267</b>	<b>28%</b>

## Breakdown inflow insurance activities by country Q1 09

### Fortis Insurance International

#### Key Figures per region

in EUR million	% ownership	Gross inflow Life			Gross Written premiums Non-Life			TOTAL INFLOW		
		Q1 09	Q1 08	Q4 08	Q1 09	Q1 08	Q4 08	Q1 09	Q1 08	Q4 08
<b>Total consolidated entities</b>		<b>968</b>	<b>1.101</b>	<b>979</b>	<b>288</b>	<b>324</b>	<b>249</b>	<b>1.256</b>	<b>1.425</b>	<b>1.228</b>
<b>Europe</b>		<b>2.303</b>	<b>2.570</b>	<b>1.918</b>	<b>741</b>	<b>741</b>	<b>598</b>	<b>3.044</b>	<b>3.311</b>	<b>2.515</b>
Belgium	100%	1.401	1.531	1.018	453	430	339	1.854	1.961	1.357
United Kingdom	100%	1		1	217	244	210	218	244	210
Portugal	51%	683	600	611	59	55	46	742	655	657
France	100%	74	134	86				74	134	86
Luxembourg								129	290	175
- Life	50%	117	278	172				117	278	172
- Non-Life	100%				12	11	3	12	11	3
Ukraine	100%		1	1					1	1
Germany	100%	8	7	10				8	7	10
Turkey	100%	17	19	20				17	19	20
<b>Asia</b>		<b>66</b>	<b>63</b>	<b>79</b>				<b>66</b>	<b>63</b>	<b>79</b>
Hong Kong	100%	66	63	79				66	63	79
<b>Other</b>						<b>13</b>	<b>(10)</b>		<b>13</b>	<b>(10)</b>
Fortis Re-Insurance	100%					13	(10)			

#### Equity associates figures based on 100%

<b>Total equity associates</b>		<b>980</b>	<b>798</b>	<b>601</b>	<b>95</b>	<b>88</b>	<b>81</b>	<b>1.074</b>	<b>886</b>	<b>682</b>
Malaysia	31%	144	143	97	73	73	61	217	216	158
Thailand								130	97	119
- Life	40%	108	82	99						
- Non-Life	15%				22	15	20			
China	24%	705	573	395				705	573	395
India	0,26	22	1	10				22	1	10
<b>Grand total</b>		<b>1.947</b>	<b>1.900</b>	<b>1.580</b>	<b>383</b>	<b>412</b>	<b>330</b>	<b>2.330</b>	<b>2.312</b>	<b>1.910</b>

## Pro forma net shareholders' equity at EUR 7.4 bn

	(EUR bn)
<b>Equity situation as per 31/03/09</b>	<b>6.7</b>
Net equity impact transactions	0.7
Capital gain on sale 25% FIB (based on EUR 2.8 bn book value)	0.7
<b>Adjusted Pro forma net equity (based on 31/03/09)</b>	<b>7.4</b>
As per FY 08 results (published on 31 March 09)	7.5
<b>Available Net Cash position General as per 31/03/09</b>	<b>1.6</b>
Net cash Impact transactions	1.6
Sale 25% Fortis Insurance Belgium	1.4
Loan Fortis Bank minus investment SPV	0.2
<b>Adjusted Pro forma net cash (based on 31/03/09)</b>	<b>3.2</b>
As per FY 08 results (published on 31 March 09)	3.3

- Impact call option BNP Paribas shares / value Relative Performance Note (RPN) pro memorie
- Delta pro forma net cash position vs end 08 related to accrued costs (mainly interests)

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## Perimeter Fortis' 2008 results presentation

### **As of 31 December 2008 Fortis consisted of (following Court ruling 12 Dec 08)**

- 100% of Fortis Insurance Belgium (FIB)
- 100% of Fortis Insurance International (FII)
- General account

### **All P&L and Balance Sheet figures in this document reported under the scope described above**

### **Result discontinued operations includes assets divested in 2008**

- Fortis Bank
- Fortis Bank Nederland
- Fortis Insurance Nederland
- Fortis Corporate Insurance

### **This document also contains pro forma net shareholders' equity and net cash positions**

- Based on the 31/12/08 accounts
- Taking into account the impact of transactions with BNP Paribas & Belgian State as agreed upon on 7 March and to be submitted to the Shareholders' meetings of 8 & 9 April 2009

## Net profit 2008 negatively impacted by discontinued operations

### **Fortis full year 2008 net loss of EUR 28.0 bn**

- Loss on discontinued operations of EUR 27.4 bn
- Net profit operating insurance activities (FIB, FII) of EUR 6 mio, incl. negative result on investment portfolio FIB & FII of EUR 639 mio
- Net loss General account of EUR 629 mio

### **Total gross inflow 2008 of EUR 14.6 bn (consolidated & non-consolidated companies)**

- Total consolidated/ non-consolidated inflow : EUR 11.6 bn/ EUR 3.0 bn
- Belgium/ International : EUR 6.3 bn/ EUR 8.3 bn
- Life/Non-Life : EUR 11.6 bn/ EUR 3 bn
- Market leadership in Belgium maintained

### **Risk profile investment portfolio reduced (equities component)**

- Equity/Bond/Real Estate composition end 08 : 3%/90%/7%

### **Total embedded value Life Insurance activities at EUR 4.9 bn**

**Fortis' core equity end '08 at EUR 7.9 bn, EUR 5.4 bn above required regulatory minimum**

## Key figures 2008

<i>In EUR million</i>	<b>FY 08</b>	<b>FY 07</b>	<b>H2 08</b>	<b>H1 08</b>
Fortis Insurance Belgium	6	522	(242)	248
Fortis Insurance International	0	40 <sup>2</sup>	(70)	70
General ( <i>including eliminations</i> )	(616)	(478)	(319)	(297)
Results discontinued operations	(27,412)	3,910	(29,029)	1,617
<b>Net profit attributable to shareholders</b>	<b>(28,022)</b>	<b>3,994</b>	<b>(29,660)</b>	<b>1,638</b>
Weighted average number of shares (mio)	2,296	1,736	2,396	2,195
<b>Earnings per share (EUR) <sup>1</sup></b>	<b>(12.21)</b>	<b>2.30</b>	<b>(12.38)</b>	<b>0.75</b>
<i>Before discontinued operations</i>	(0.27)	0.05	(0.31)	0.06
Net equity per share (EUR)	2.75	15.08	2.75	12.48

<sup>1</sup> Based on average number of outstanding shares/ <sup>2</sup> 2007 results restated for Fortis Corporate Insurance

<b>Net shareholders' equity (as per 31 December 2008)</b>	<b>6,795</b>
<i>Fortis Insurance Belgium</i>	2,785
<i>Fortis Insurance International</i>	2,009
<i>General</i>	3,032
<i>Eliminations treasury shares &amp; disct'd</i>	(1,031)

## Fortis' capital of a high quality

As per 31/12/08

	(EUR bn)
<b>Reported net Shareholders' Equity</b>	<b>6.8</b>
<b>Unrealised gain real estate</b>	<b>0.6</b>
<b>Adjustment for Goodwill, VOBA, DAC</b>	<b>(1.8)</b>
Goodwill	(0.5)
VOBA (Value of Business Acquired)	(0.6)
DAC (Deferred Acquisition Cost)	(0.4)
Other	(0.3)
<b>Goodwill, DAC, VOBA related to minorities</b>	<b>0.3</b>
<b>Tax adjustment DAC, VOBA &amp; Other</b>	<b>0.2</b>
<b>Tangible net equity</b>	<b>6.0</b>

- Tangible net equity amounted to 90% of reported net shareholders' equity
- 'Other' includes a.o. management contracts of public car parkings

## Summary Insurance activities FY 2008

### Full year net profit of EUR 6 mio

- Belgium/ International : EUR 6 mio / EUR 0 mio
- Life/ Non-Life : EUR (150) mio / 156 mio
- Total negative impact on investment portfolio EUR 639 mio  
(Belgium/International : EUR 534 mio / EUR 105 mio)

### Belgium : Gross inflow at EUR 6.3 bn holding up well in difficult markets

- Life : EUR 4.8 bn (down 22%) due to strong competition high-yield bank deposits and uncertainty around Fortis/ Group Life outperformed market
- Non-Life : EUR 1.5 bn (up 7%), outperforming overall market growth
- Market leadership Insurance Belgium confirmed

### International : Gross inflow\* at EUR 5.3 bn (up 1 %)

- Life\* : EUR 4.1 bn (up 5%) mainly thanks to strong performance in Portugal, Turkey & Hong Kong
  - Inflow non-consolidated companies up 12% to EUR 2.7 bn (esp. China)
- Non-Life\* : EUR 1.2 bn (up 2%) (at constant currencies) due to strong growth in Portugal
  - Inflow non-consolidated companies up 11% to EUR 0.3 bn (mainly Thailand)

*\* For consolidated companies*

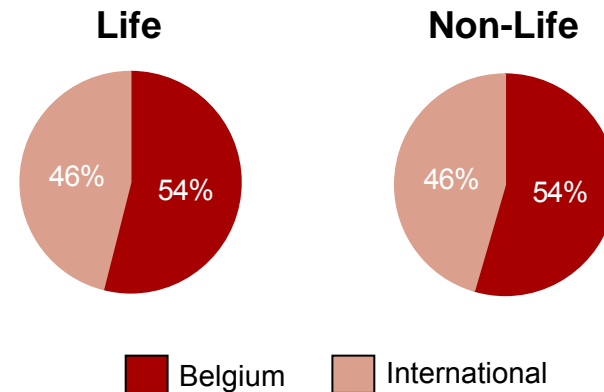
# Fortis Insurance Overview

 FY 07  FY 08

## Gross inflow\*

<b>8,919</b>	<b>2,693</b>	<b>11,612</b>
<b>Life</b>	<b>Non-Life</b>	
10,062	2,727	<b>12,789</b>

## Gross inflow 2008



\* For consolidated companies

## Operating margin

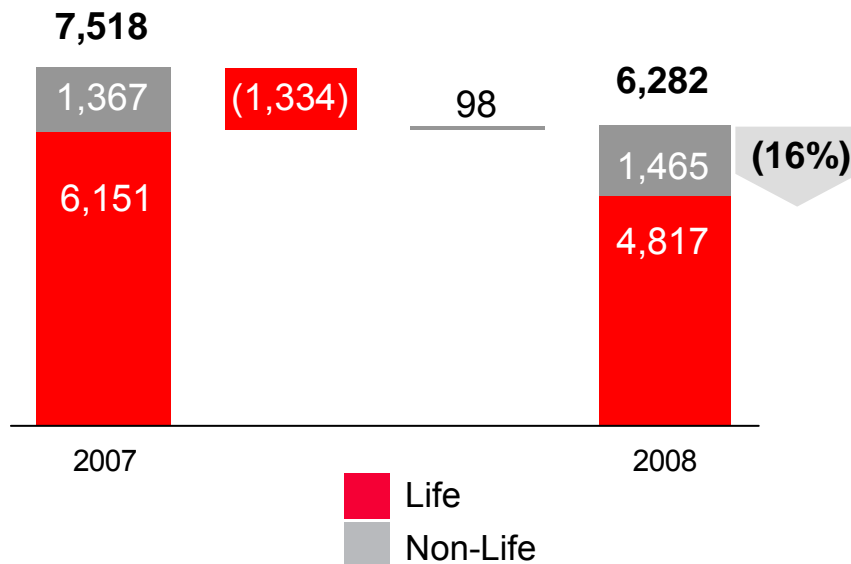
<b>(134)</b>	<b>221</b>	<b>87</b>
<b>Life</b>	<b>Non-Life</b>	
	443 / 84	<b>527</b>

## Net profit

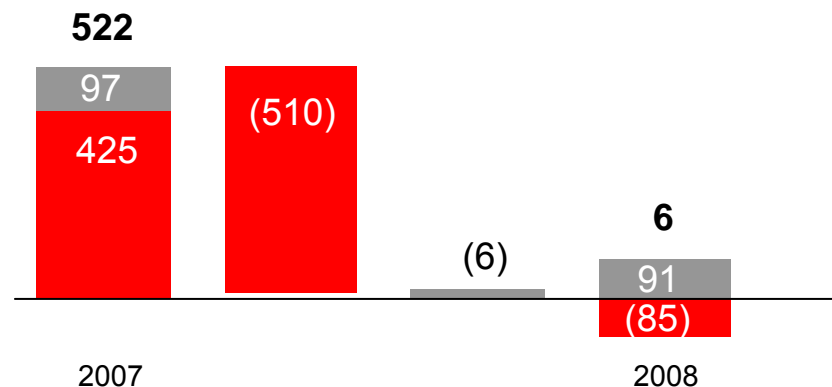
<b>(150)</b>	<b>156</b>	<b>6</b>
<b>Life</b>	<b>Non-Life</b>	
	501 / 61	<b>562</b>

# Insurance Belgium

## Gross Inflow



## Net Profit



### Life

Gross inflow at EUR 4.8 bn (down 22%)

Individual Life inflow down to EUR 3.8 bn

- Depressed financial markets
- Competition from high-yield bank products
- Uncertainty around Fortis

Group Life up 5.2% to EUR 1.0 bn, reinforcing leadership position

Net loss EUR 85 mio, including EUR 532 mio negative impact from financial markets

Funds under management stable at EUR 41.8 bn

### Non-Life

Gross written premiums up 7% to EUR 1.5 bn

- Strong performance broker channel esp in SME

Net profit down to EUR 91 mio

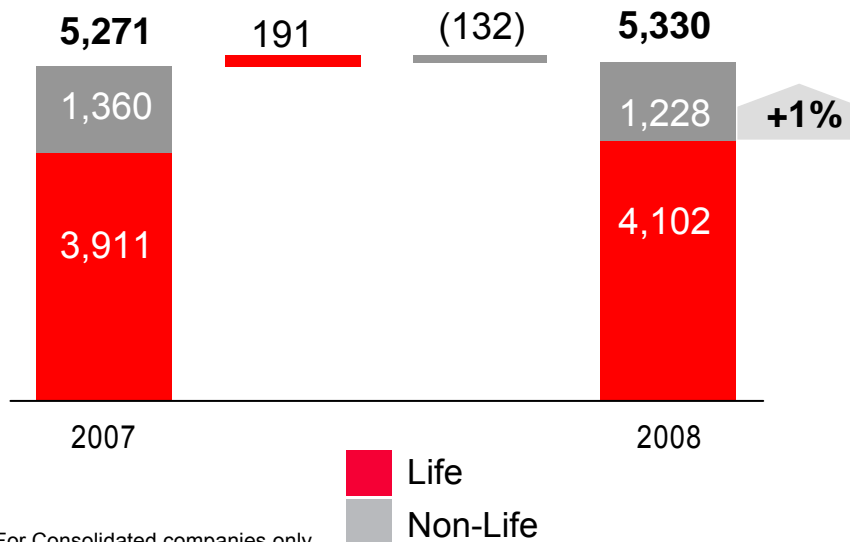
- Lack of capital gains
- Large claims in Fire & Motor

Combined ratio: 100.9% vs 100.4% in 2007

- Negative impact large claims in Fire and Motor

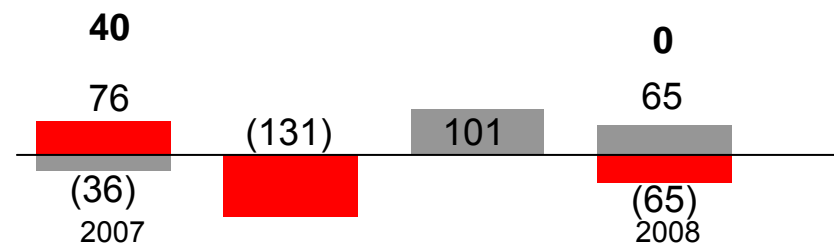
# Insurance International

## Gross Inflow\*



\* For Consolidated companies only

## Net Profit



### Life

Gross inflow consolidated companies at 4.1 bn (up 5%)

- Gross inflow Portugal up 29%
- Double-digit growth in Turkey & Hong Kong

Inflow non-consolidated companies at EUR 2.7 bn (up 12%)

- Driven by China and Thailand mainly

Net result down to EUR 65 mio negative

- Write downs on investment portfolio
- Sizeable capital gains in 2007

### Non-Life

Gross written premiums consolidated companies down 10% to EUR 1.2 bn

- Up 2% at constant exchange rates

Net profit EUR 65 mio, thanks to improved operational performance

Combined ratio : 98.4%  
 (vs 114% or 102% adjusted for natural disasters in 2007)

## General

### **Full year 2008 net result of EUR 629 million negative, mainly**

- EUR (295) mio : loss on sale USD & GBP  
(suspension creation SPV – see press release 24/12/08)
- EUR 193 mio : positive impact RPN (related to CASHES)
- EUR (50) mio : fair value adjustment Mandatory Exchangeable Bond portfolio
- EUR (82) mio : costs related to tender EMTN programme

### **Corporate costs + Fortis restructuring costs**

- On-going restructuring will result in a further FTE reduction from 114 end 08 to around 50

### **No intra-group eliminations in General since restructuring Fortis**

- 2007 figures restated for comparative reasons

### **Net cash position General on 31 Dec 08 of EUR 2.0 bn**

## Main components balance sheet General account

EUR bn 31/12/2008

<b>Net Cash Position</b>	<b>2.0</b>
Cash & cash equivalents	2.5
Due from banks short term	6.1
Due to banks short term	(1.8)
Debt certificates	(4.8)
<b>Receivable on balance</b>	<b>0.4</b>
Due from banks long term	6.7
Due to banks long term	(4.8)
Due from customers	1.5
Subordinated liabilities	(3.0)
<b>Accruals and others</b>	<b>0.7</b>
<b>Shareholders' Equity General</b>	<b>3.0</b>

**Due from Banks Long term :**  
loans made to Fortis Bank SA/NV

**Due to Banks Long term :**  
borrowings from Fortis Bank SA/NV

**Due from Customers :**

- A loan provided to Fortis Insurance Belgium (EUR 900 mio)
- Other loans to (former) group companies

**Subordinated liabilities :**

- NITSH I & II : EUR 1.2 bn
- FRESH : EUR 1.1 bn
- Hybrone : EUR 500 mio

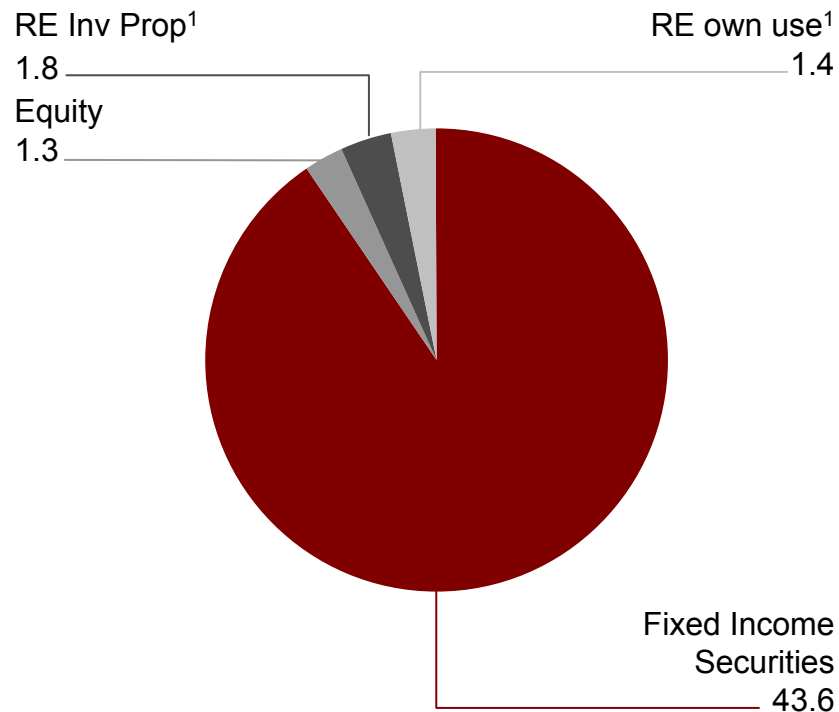
## Result on discontinued operations

<i>(in EUR mio)</i>	<b>Disct'd result</b>
<b>Result discontinued operations*</b>	<b>(27.4)</b>
Fortis Bank	(20.8)
Fortis Bank Nederland	(8.6)
Fortis Insurance Nederland	1.7
Fortis Corporate Insurance	0.3

**\* Split operating result and book result on sale could not be made**

# Fortis Investment Portfolio at 31 December 2008

## Insurance Investment Portfolio (EUR 48.1 bn)



### Fixed Income securities

- Government bonds : EUR 27.5 bn (63%)
- Corporate debt : EUR 15.7 bn (36%)
- Structured Credit instruments EUR 0.45 bn (1%)
  - Of which CDO EUR 73 mio

### Equity

- Decreased from EUR 5.6 bn to EUR 1.3 bn
  - Fall in value
  - Organized sale with a view to reduce overall risk of portfolio

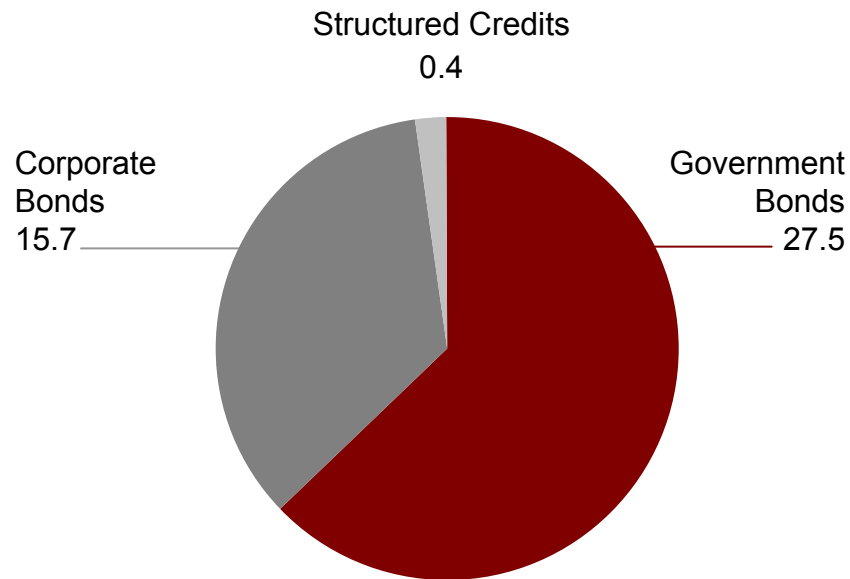
### Real Estate

- Exposure mainly on office property in Belgium & public parking activity (via Interparking)
- Unrealized gain net of tax of EUR 0.6 bn at year end, not recognized in net equity

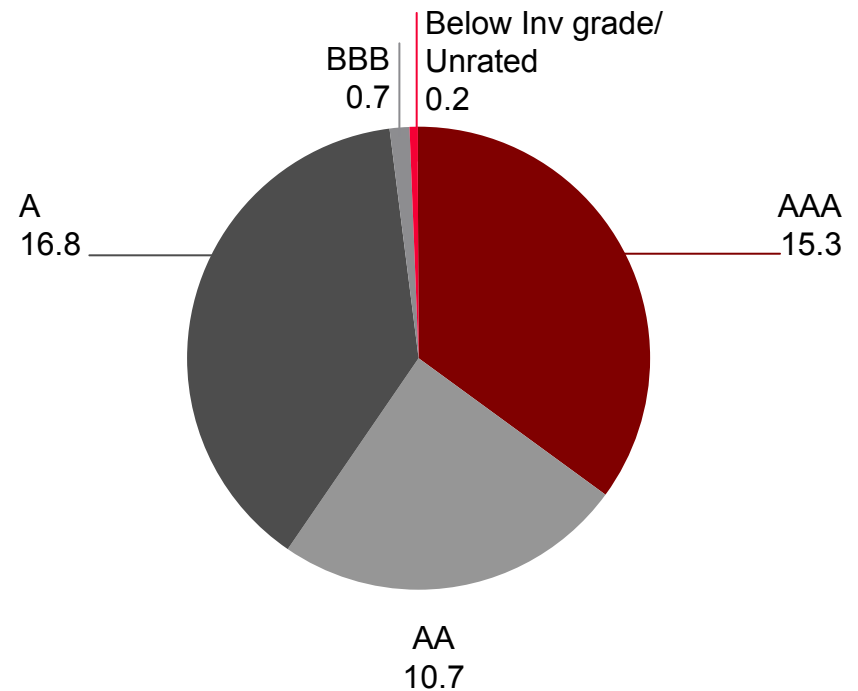
<sup>1</sup> Real Estate valued at market value; Unrealized gain after tax (incl. own use) amounts to EUR 0.6 billion

# Fixed Income Securities of EUR 43.6 bn

(EUR bn)



(EUR bn)

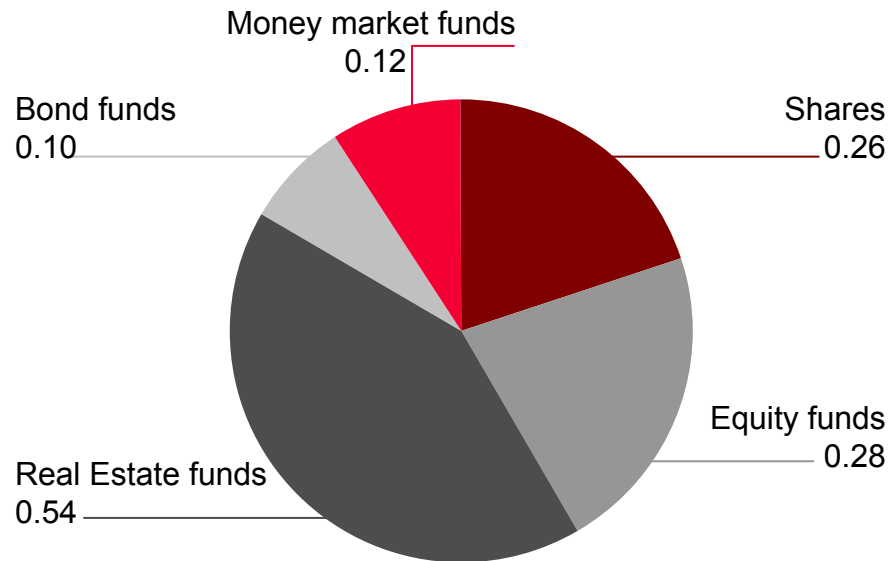


- **Net unrealized gains after tax and shadow accounting of EUR 375 mio**

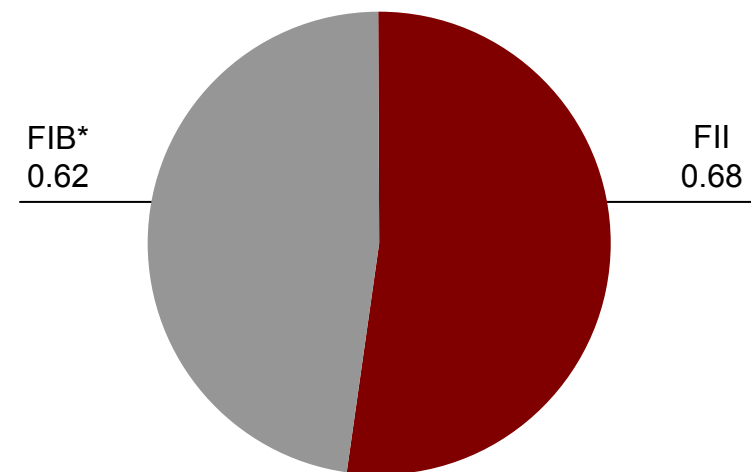
- **98% bond portfolio single A or higher**
- **60% rated AA or higher**
- **Only 2% below investment grade or unrated**

# Equity portfolio of EUR 1.3 bn

(EUR bn)



(EUR bn)



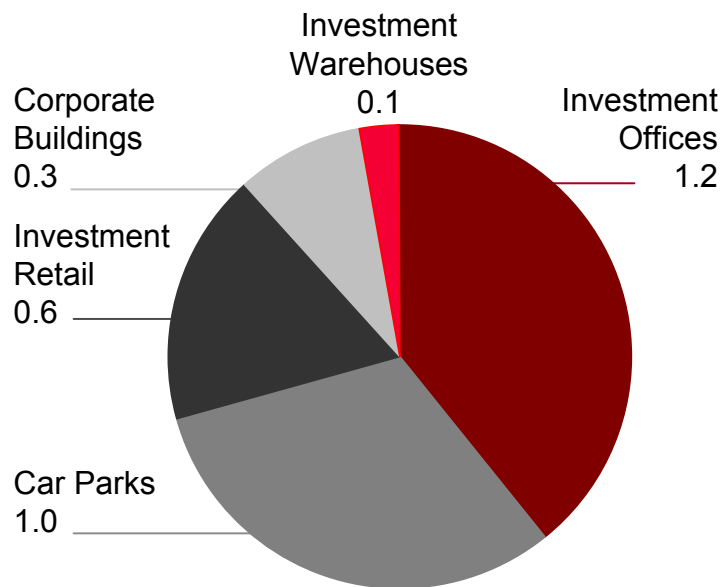
\* Including EUR 0,32 mio real estate mutual funds

- **Equity down from EUR 5.6 bn end 07**
  - Decrease in value
  - Substantial sales in order to reduce risk of the overall investment portfolio

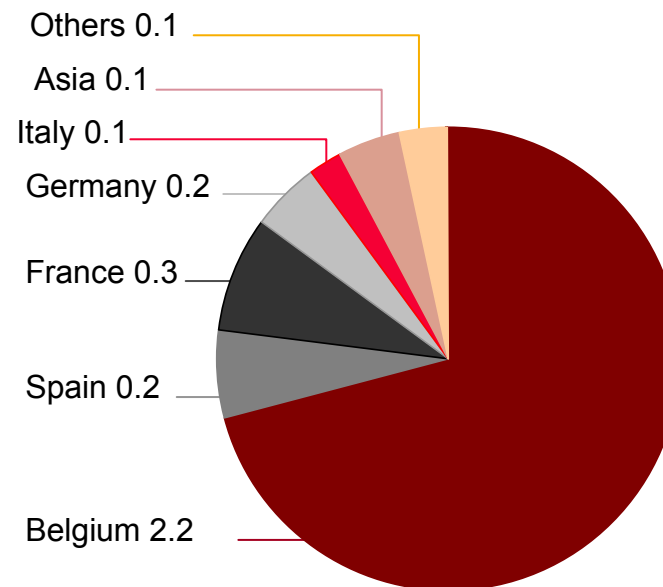
- **Impairments in 2008 of EUR 443 mio**
- **Unrealized loss end 08 after tax and shadow**
- **accounting of EUR 67 mio**

# Real estate portfolio of EUR 3.2 bn (at market value)

(EUR bn)



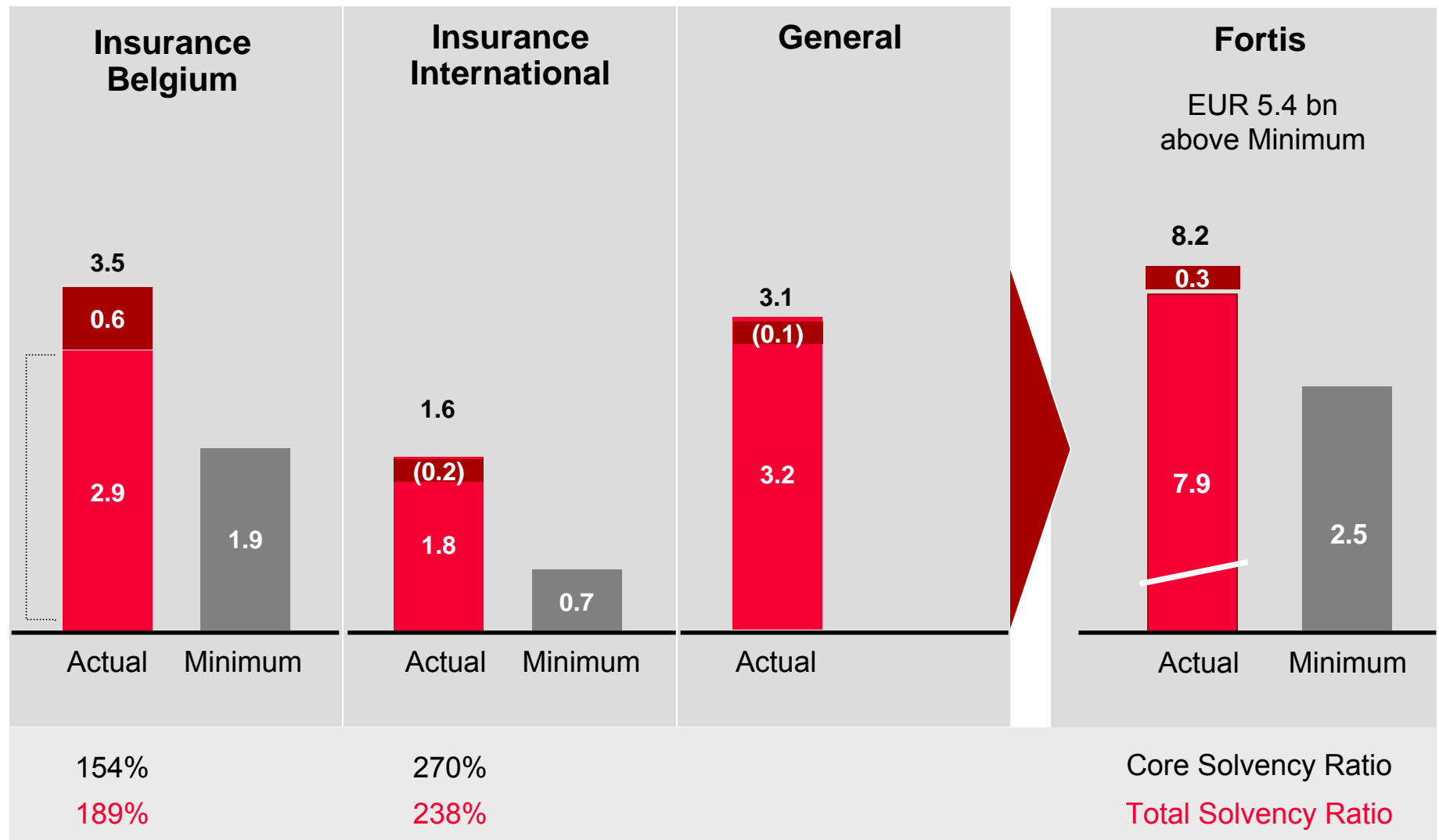
(EUR bn)



- **Investments for own use EUR 1.4 bn**
- **Investment property EUR 1.8 bn**
- **Unrealized gain end 08 of EUR 0.6 bn**
  - Not reflected in net equity
  - Real estate booked at amortized cost

- **Real estate exposure mainly in Belgium**
  - Mainly Brussels region
  - Office buildings, commercial assets (shopping centers etc) & public car parks across Europe (via Interparking)
  - Stable income streams

# Fortis Core equity EUR 5.4 bn above required regulatory minimum



■ Core equity   
 ■ Other Tier 1 capital   
 ■ Required Regulatory minimum

# Reconciliation Shareholders' equity to total capital

As per 31/12/08

## Shareholders' equity

Non-innovative hybrid capital instruments (a.o. NITSH I & II)	1.5
Minority Interests	0.5
Revaluation real estate to fair value	0.5
Revaluation debt securities	(0.4)
Goodwill	(0.5)
Other (a.o. joint ventures)	(0.5)

## Core Equity

Innovative capital instruments + Subordinated loans	0.5
Other prudential filters	(0.2)

## Total capital

**6.8**

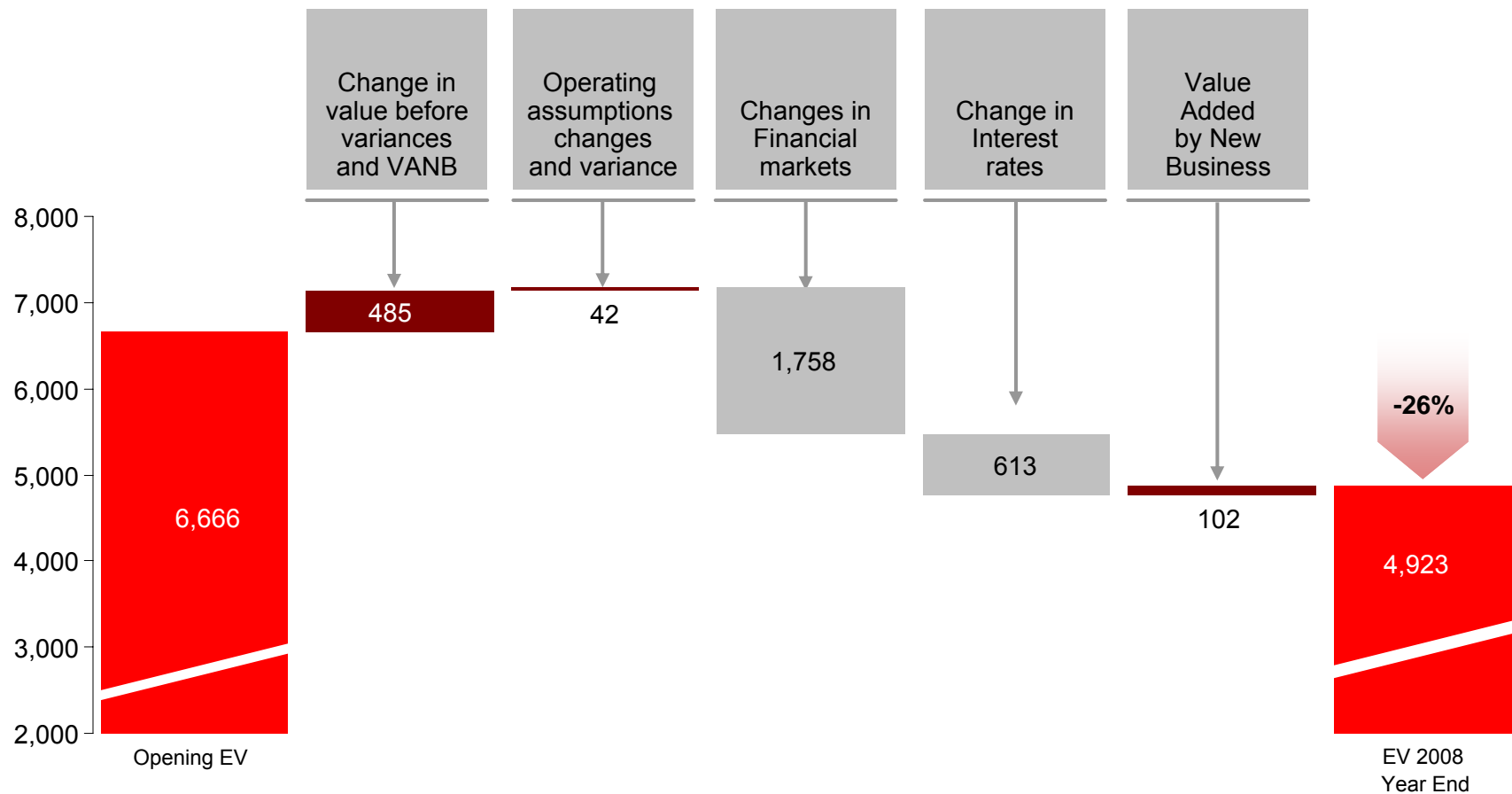
**7.9**

**8.2**

### ▪ Reassessment future capital needs as part of overall strategic exercise

- Depending on size insurance liabilities
- Risk profile assets insurance activities
- Asset types General account

# Decrease Embedded Value to EUR 4.9 bn in 2008



*Change in Value before variances and VANB: the expected after-tax return on embedded value resulting from projections of assets and liabilities over the year*

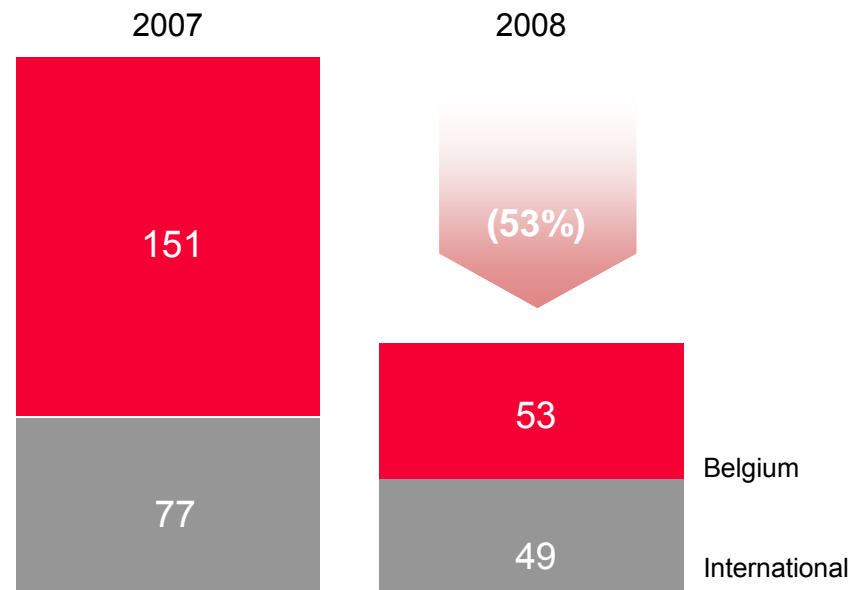
*Operating assumptions changes and variance: operating assumption changes and the difference between actual and expected non-economic experience and assumption changes, including lapses and mortality*

*Changes in Financial Markets: the difference between actual and expected economic experience, including yields on Equity and Real Estate portfolios*

*Change in interest rates: the impact of changes in interest rate yield curves and volatilities*

## VANB decreased by 55% due to low interest rates

	2008	2007	Change
Value Added by New Business (VANB)	102	228	(55%)
Present Value of New Business Premiums (PVNBP)	7,313	7,874	(7%)
New Business Margin (VANB/PVNBP)	1.4%	2.9%	
Annual Premium Equivalent (APE)	742	870	(15%)
New Business Margin (VANB/APE)	13.8%	26.2%	



**Value Added by New Business (VANB) reduced from EUR 228 mio in 2007, restated for new scope, to EUR 102 mio in 2008**

**The change in VANB was mainly driven by the adverse impact of the very low interest rates and high cost of options at year-end on traditional savings products**

# Agenda

- 1 Management update Fortis
- 2 Q1 09 Trading update
- 3 Annual results 2008

## **4 General information Fortis share**

### Annexes

- *Selected information on full year 2008 results*
- *Details on Royal Park Investments*

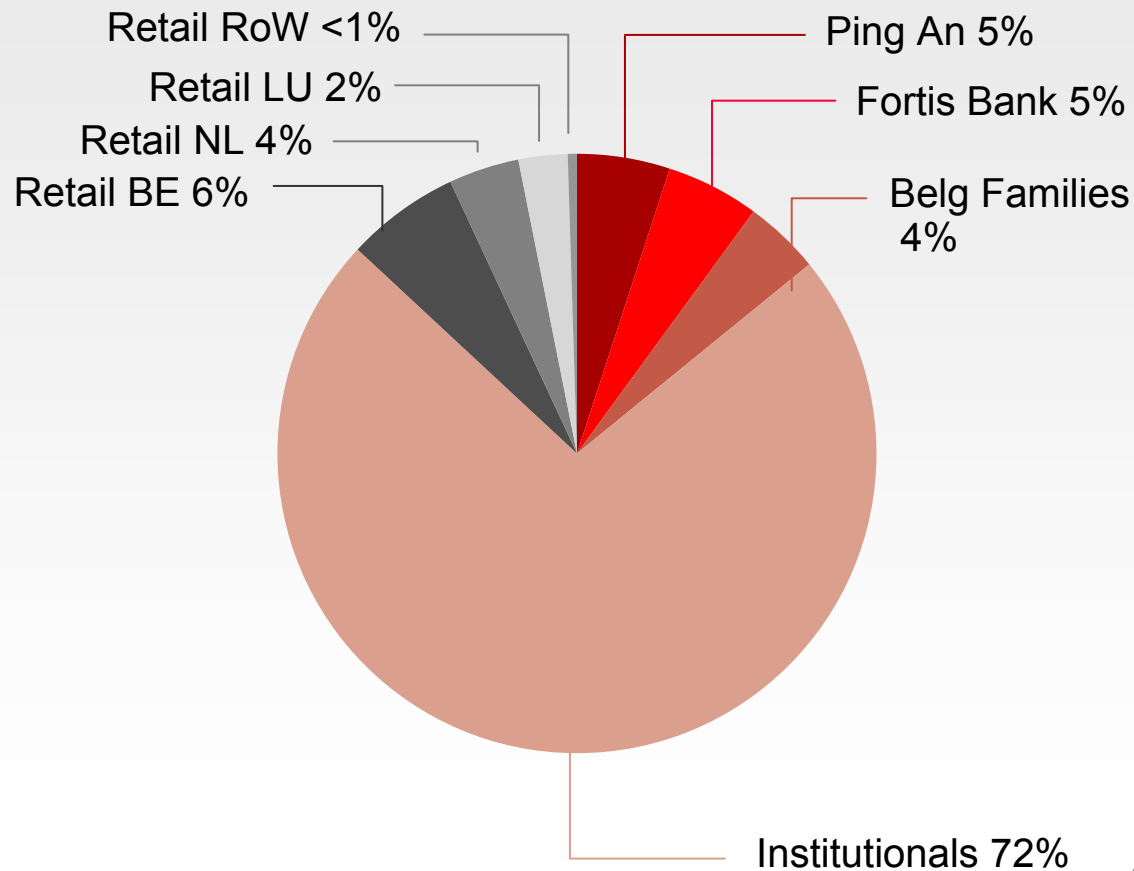


## General information Fortis share

<b>Total number of outstanding shares</b>	<b>2,516,657,248</b>
▪ Including shares issued for FRESH	39,682,540
▪ Including shares issued for CASHES	125,313,283
<b>Shares to be potentially issued</b>	<b>147,437,048</b>
▪ In connection with MCS	105,386,849
▪ In connection with option plans	42,050,199
<b>Total number of effective and potential shares</b>	<b>2,664,094,296</b>
▪ Shares related to CASHES not entitled to dividend and voting rights (held by Fortis Bank SA/NV)	
<b>Par value Fortis SA/NV and Fortis N.V. share equal at EUR 0.42 per share</b>	
▪ After approval at General Assembly of 28 April 2009	
<b>Authorized capital around 322 mio shares</b>	
▪ Remaining period 2 year (approved at General Assemblies of 29 April 2008)	
▪ To be used for any purpose	

# Shareholder structure overview – per type

*December 2008 based on 2,516,697,248 shares*



- **Ping An (China) close to 5%**
- **Fortis Bank shares related to CASHES instrument**
- **Institutionals / Retail 70-75%/10-15%**
- **Belgian family holders -> traditional shareholders**

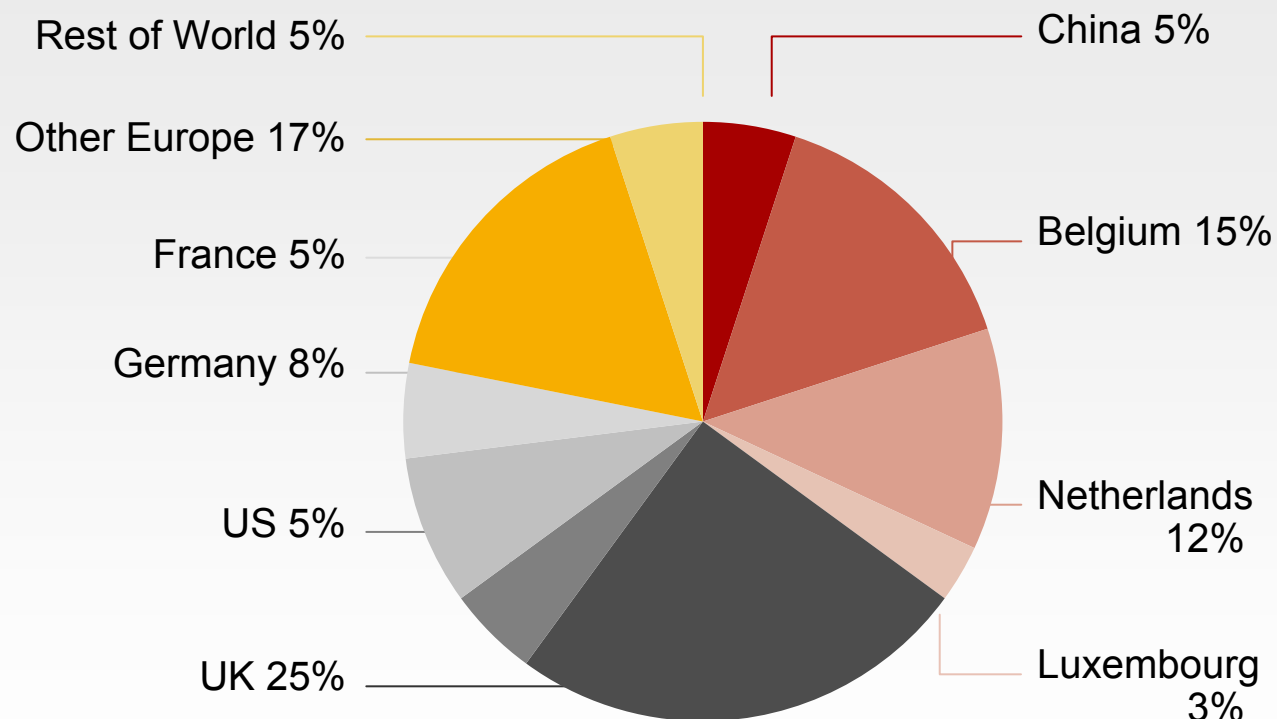


**Important fluctuations since October 2008**

Source: Thomson Financial

## Shareholder structure overview – per country (All shareholders)

*December 2008 based on 2,516,697,248 shares*



- **Benelux countries hold around 30%**
- **UK is by far the most important with 25%**
- **US reduced somewhat to 5%**
- **Other European countries hold about 30%, mainly in France and Germany**

**Increased importance of the UK since October 08**

Source: Thomson Financial

# Financial Calendar 2009

*Wednesday 11 February – GM – Brussels*

*Friday 13 February – GM Utrecht*

*Tuesday 31 March – Annual Results 2008*

*Tuesday 28 April – GM Ghent*

*Wednesday 29 April – GM Utrecht*

**Thursday 14 May – Trading update Q1**

**Thursday 27 August – H1 results**

**Tuesday 17 November – Trading update Q3**



PREPARING FOR A NEW START



## Additional information

- 1 Selected information on full year 2008 results**
- 2 Detailed information on Royal Park Investments
- 3 Embedded Value 2008

# Insurance Life – FY 08 vs. FY 07 analysis

	FY 08	FY 07	Chg. %
Gross inflow	8,919	10,062	(11%)
Technical result	(35)	317	*
Allocated capital gains	(99)	126	*
Operating margin	(134)	443	*
Non-allocated other income	94	129	(27%)
Pre-tax profit	(40)	572	(107%)
Tax	(95)	(23)	*
Results on disc. operations	-		*
Minorities	(15)	(48)	(69%)
<b>Net profit bef. divestment</b>	<b>(150)</b>	<b>501</b>	*

## Gross inflow Belgium down 22%

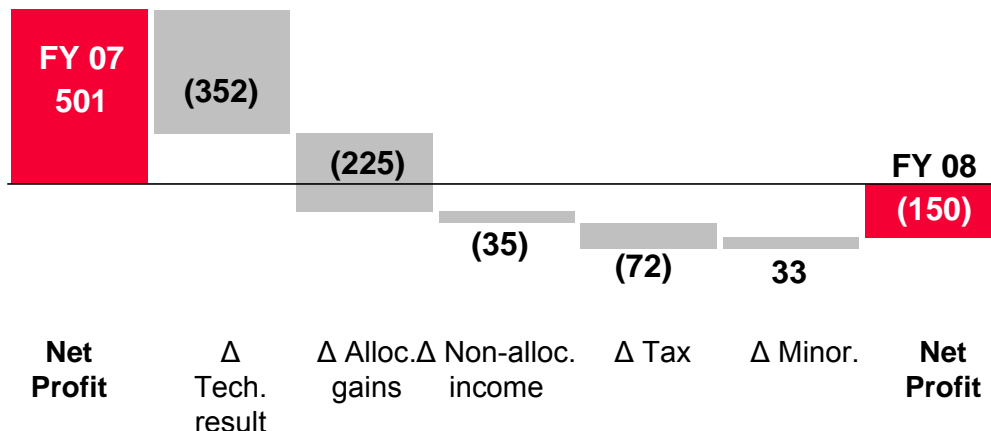
- Individual Life EUR 3.8 bn (-27%)
  - Inflow bank/broker channel : EUR 2.8 bn / EUR 1.0bn
- Group Life EUR 1 bn (+5%);
  - Strong market leadership close to 30%

## Gross inflow International up 5% to EUR 4.1 bn

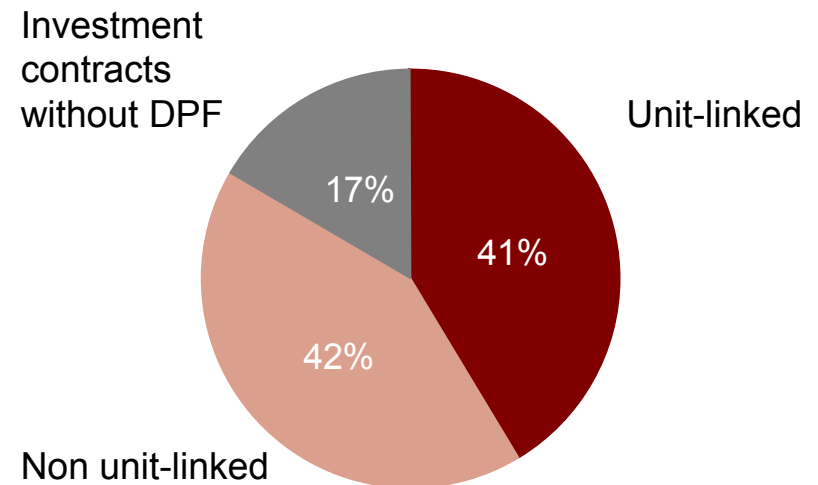
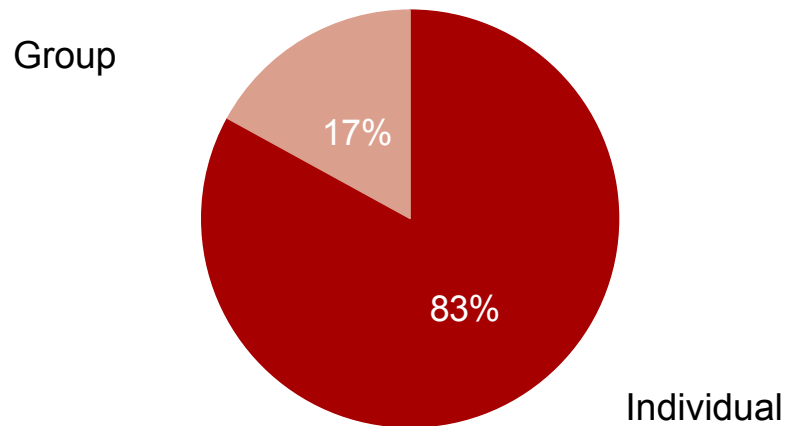
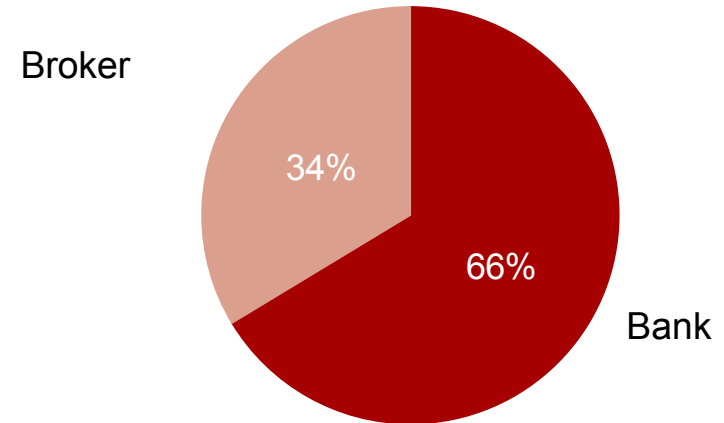
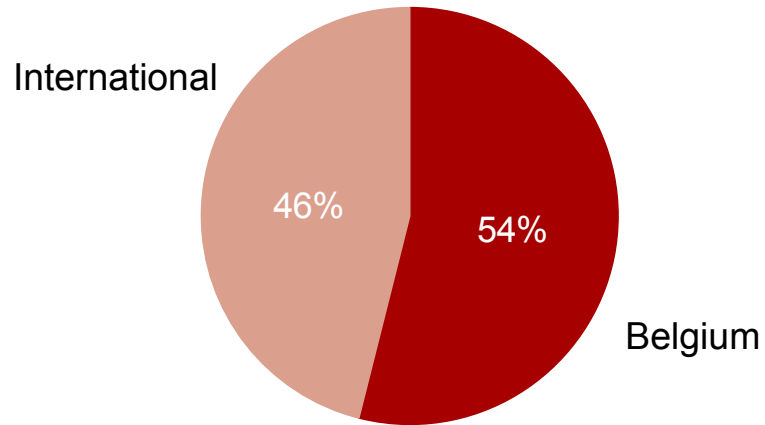
- Portugal up 29%
- New markets double digit growth

**Operating margin** down on impact global financial crisis (Belgium / Int'l EUR 532 mio / EUR 100 mio net of tax)

**Net profit** hit by impact financial crisis while 2007 positively influenced by capital gains

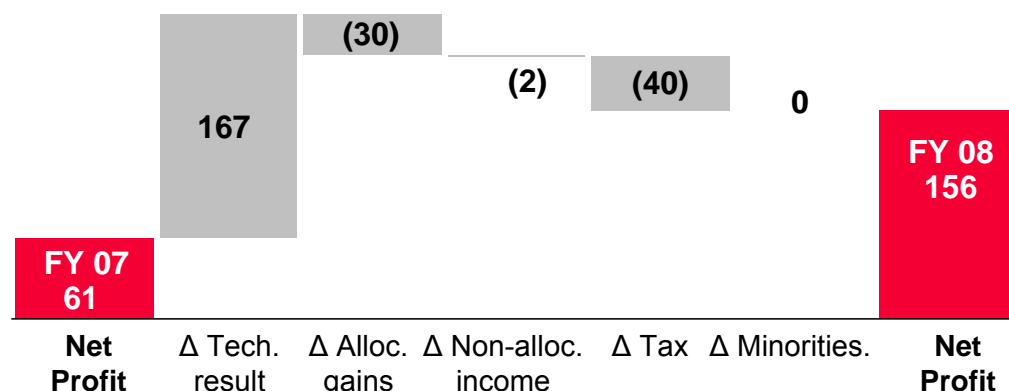


# Insurance Life – Inflow FY 08 (EUR 8,919 mio)



## Insurance Non-Life – FY 08 vs. FY 07 analysis

	FY 08	FY 07	Chg. %
Gross written premiums	2,693	2,727	(1%)
Technical result	228	61	*
Allocated capital gains	(7)	23	*
Operating margin	221	84	*
Non-allocated other income	18	20	(10%)
Pre-tax profit	239	104	*
Tax	(73)	(33)	*
Results on disc. operations	-	-	*
Minorities	(10)	(10)	-
<b>Net profit bef. divestment</b>	<b>156</b>	<b>61</b>	<b>156%</b>



### GWP nearly stable :

- Belgium : up 7% to EUR 1.5 bn, outperforming market growth; Strong performance in SME market esp. in motor insurance
- Belgium : Bank vs broker channel : EUR 0.2 bn / EUR 1.2 bn
- Int'l : down 10% to EUR 1.2 bn due to GBP depreciation (EUR 156 mio)
- At constant rates up 2% driven by of Portugal (+9%)

### Operating margin significantly up

- Belgium : down to EUR 117 mio, on lower capital gains and claims in F&M;
- FII : up to EUR 104 mio; 2007 negatively impacted by weather-related events);

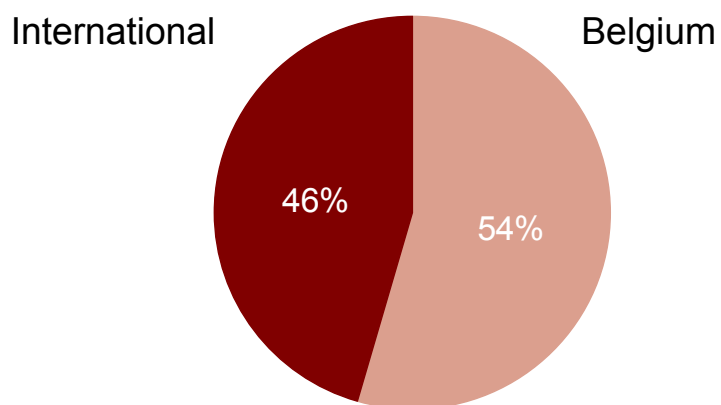
### Combined ratio :

- Belgium : 100.9% vs 100.4% in 07
- Int'l : 98.4% vs 102% in 07 (excl. Kyrill)

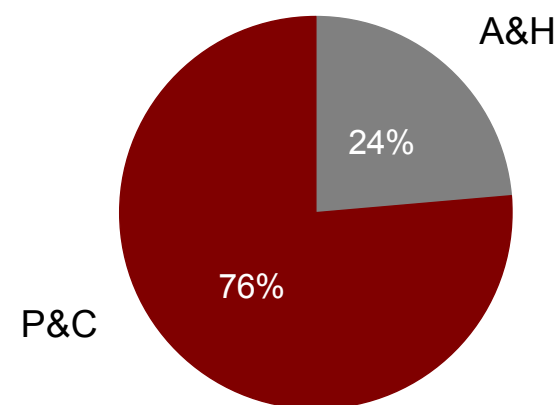
## Insurance Non-Life – Premiums

	A&H	P&C	FY 08 Total	FY 07 Total
<b>Gross written premiums</b>	<b>632</b>	<b>2,062</b>	<b>2,694</b>	<b>2,728</b>
Change in unearned premiums, gross	(1)	(12)	(13)	(53)
<b>Gross earned premiums</b>	<b>631</b>	<b>2,050</b>	<b>2,681</b>	<b>2,675</b>
Ceded reinsurance premiums	(37)	(121)	(158)	(165)
Reinsurers' share provision of unearned premiums	1	(4)	(3)	(4)
<b>Net earned premiums</b>	<b>595</b>	<b>1,925</b>	<b>2,520</b>	<b>2,506</b>

**Gross written premiums (EUR 2,693 mio)  
geographical breakdown**



**Gross written premiums (EUR 2,693 mio)  
per product branch**



# Fortis Insurance International – Key figures per region

in EUR million

	% ownership	Gross inflow Life		Gross Written premiums Non-Life		Total	
		FY 2008	FY 2007	FY 2008	FY 2007	FY 2008	FY 2007
<b>TOTAL</b>		<b>4,102</b>	<b>3,910</b>	<b>1,229</b>	<b>1,361</b>	<b>5,331</b>	<b>5,271</b>
<b>Europe</b>		<b>3,820</b>	<b>3,685</b>	<b>1,168</b>	<b>1,304</b>	<b>4,988</b>	<b>4,989</b>
United Kingdom	100%	1		954	1,107	955	1,107
Portugal	51%	2,238	1,740	192	176	2,430	1,916
France	100%	433	517			433	517
Luxembourg							
- Life	50%	1,033	1,352			1,033	1,352
- Non-Life	100%			22	21	22	21
Germany	100%	29	26			29	26
Turkey	100%	82	47			82	47
Other		4	3			4	3
<b>Asia</b>		<b>282</b>	<b>225</b>			<b>282</b>	<b>225</b>
Hong Kong	100%	282	225			282	225
<b>Other</b>				<b>61</b>	<b>57</b>	<b>61</b>	<b>57</b>
Fortis Re-Insurance	100%			61	57	61	57
<b>Non consolidated joint ventures (figures based on 100%)</b>							
<b>TOTAL</b>	-	<b>2,673</b>	<b>2,380</b>	<b>337</b>	<b>303</b>	<b>3,010</b>	<b>2,683</b>
Malaysia	31%	435	526	269	254	704	780
Thailand							
- Life	40%	358	306			358	306
- Non-Life	15%			68	49	68	49
China	25%	1,850	1,548			1,850	1,548
India	26%	30				30	
<b>Grand total</b>		<b>6,775</b>	<b>6,290</b>	<b>1,566</b>	<b>1,664</b>	<b>8,341</b>	<b>7,954</b>

## Fortis Insurance – Technical Reserves

EUR billion	FY 08	FY 07	% Change
<b>Gross Technical Reserves Life</b>	<b>61.6</b>	<b>62.2</b>	(1%)
Insurance Belgium	41.8	42.1	(1%)
Insurance International	19.8	20.1	(1%)
<b>Gross Technical Reserves Non-Life</b>	<b>4.3</b>	<b>4.5</b>	(5%)
Insurance Belgium	2.9	2.8	3%
Insurance International	1.4	1.7	(18%)
<b>Total Gross Technical Reserves</b>	<b>65.9</b>	<b>66.7</b>	<b>(1%)</b>

# Ratings

	<b>Fitch</b>	<b>S&amp;P</b>	<b>Moody's</b>
<b>Fortis Insurance Belgium</b>			
Insurance Financial Strength	A+	A	A2
Outlook	Watch Negative	Watch Negative	Rev. for downgrade
Last change	20-feb-09	10-feb-09	13-feb-09
<b>Fortis Holdings</b>			
Long-term	BB	BB	Baa2
Outlook	Watch Evolving	Watch Negative	Rev. for downgrade
Last change	20-feb-09	13-feb-09	18-feb-09

# Overview of main characteristics Hybrids

name	%	Amount in Eur	ISIN	Call date	ACSM	Dividend pusher	stopper	Trigger
Fortis Capital Funding Trust	3m Eur +130	400	USU3456R1006	26-4-2009	No (pref)	Yes	No	<200% RMM
ASR	6,25%	50	USU3456P1040					ASR Leven
	5,50%	200	USU3456N1091					
Fortis Capital Company FBNH	6,25%	450	GB0057047275	29-6-2009	No (pref)	Yes	Yes	<5% T1 <8% CAD discretion FBNH
Direct issue FBB FBB	6,50%	1.000	BE0117584202	sep-2011	Yes	Yes	Yes	<5% T1 <8% CAD
Direct issue FBB FBB	4,625%	1.000	BE0119806116	oct-2014	Yes	Yes	Yes	<5% T1 <8% CAD
Fresh Holdings	3m Eur +135	1.250	XS0147484074	undated strike 31,50 mandatory 47,25	Yes	Yes	No	<0,5% Dividend trigger
Cashes FBB	3m Eur +200	3.000	BE0933899800	undated strike 23,94 mandatory 35,91	Yes	No	Yes	<0,5% Dividend trigger
MCS FBNH	8,75%	2.000	XS0328920862	dec-2010 minimum 18,98 maximum 22,77	No	Yes	No	discretion FBNH + early conversion <5% T1 <8% CAD
Fortis Hybrid Financing Hybrone	5,125%	500	XS0257650019	jun-2016	Yes	Yes	Yes	on lent to FIB
Nitsh I	8,25%	USD 750	XS0346793713	aug-2013	Yes	Yes	Yes	on lent to FBB
Nitsh II	8%	625	XS0362491291	jun-2013	Yes	Yes	Yes	on lent to FIB/FBB

## Consequences of non-calling financial instruments ASR

### Non-call ASR (the former Fortis Verzekeringen Nederland)

- EUR 600 mio securities issued by Fortis Capital Funding Trust, with a first call date on 26 April 2009
- ASR indicated an exchange into a new instrument in the coming months
- Consequence of guarantees granted by Fortis SA/NV and Fortis N.V.:
  - If solvency ASR Levensverzekering > 200% of Regulatory Minimum:
    - No impact
  - If solvency < 200%, while Fortis declared no dividend:
    - No Impact
  - If securities would not be exchanged, and if solvency < 200%, and if Fortis declares a dividend again:
    - Fortis would be liable to pay the coupon during one year as of the dividend date, without a recourse

## Consequences of non-calling financial instruments FBN(H)

### Non-call Fortis Bank Nederland (Holding)

- EUR 450 mio preference shares issued by Fortis Capital Company (FCC), with a first call date on 29 June 2009
- Consequence support agreement granted by Fortis SA/NV and Fortis N.V.:
  - Majority of bondholders opted for exchange into Fortis shares or cash
  - FCC / Fortis indicated that they will redeem in cash
- Fortis intends to fulfill its commitment, and expects to be compensated in (preference) shares.

## Additional information

- 1 Selected information on full year 2008 results
- 2 Detailed information on Royal Park Investments**
- 3 Embedded Value 2008

# Portfolio Overview

## 30/04/2009



Used Currency rates – 30/04/2009		
EUR/USD	EUR/GBP	EUR/AUD
1.3257	0.89096	1.8203

This is an overview of the total portfolio at 30/04/2009.

The Classification Group “Other” contains the following classifications:

- Equipment Lease (25% of Other)
- Autolease (22% of Other)
- SMEs (7% of Other)
- Dealer Floorplan (2% of Other)
- Whole Business (21% of Other)
- DPRs (13% of Other)
- ABS Credit Cards (9% of Other)
- CMBS (1% of Other)

Classification	Current	Value	%	Redemptions	Sell price
UK non-conforming	74	74	0.36%	287	100%
US CDO multi-sector	964	625	4.71%	49	64.80%
<b>Asset Pools Scaldis Total</b>	<b>1,038</b>	<b>699</b>	<b>5.06%</b>	<b>336</b>	<b>67.30%</b>
CRE-CDOs	418	382	2.04%	2	91.41%
High Yield CBOs	77	73	0.38%	30	94.27%
Market-value CDOs	8	8	0.04%	3	98.59%
CDOs Preferred Trust	7	6	0.04%	1	75.85%
Synthetic CDOs	352	244	1.72%	0	69.17%
ABS CDOs / US	422	162	2.06%	24	38.49%
ABS CDOs / Europe	590	534	2.88%	24	90.60%
<b>CDOs Total</b>	<b>1,874</b>	<b>1,409</b>	<b>9.14%</b>	<b>83</b>	<b>75.16%</b>
UK non-conforming	782	685	3.81%	179	87.56%
Prime RMBS (Other)	1,854	1,583	9.05%	140	85.38%
<b>Non-US RMBS Total</b>	<b>2,636</b>	<b>2,26</b>	<b>12.86%</b>	<b>320</b>	<b>86.03%</b>
<b>US Private Student Loans ABS Total</b>	<b>834</b>	<b>659</b>	<b>4.07%</b>	<b>16</b>	<b>79.05%</b>
HELOCs	344	170	1.68%	58	49.38%
Res A NegAm	2,110	1,146	10.30%	115	54.31%
Subprime (Res B/C)	590	336	2.88%	19	56.92%
Midprime	1,517	867	7.40%	84	57.12%
Res A Jumbo / Alt-A	1,689	1,004	8.24%	144	59.47%
Prime RMBS (US)	1,330	1,126	6.49%	113	84.65%
Res A Alt-A 30 Fix	739	556	3.60%	60	75.33%
<b>US RMBS Total</b>	<b>8,319</b>	<b>5,205</b>	<b>40.59%</b>	<b>593</b>	<b>62.57%</b>
Res A NegAm	29	3	0.14%	0	10.00%
Subprime (Res B/C)	383	38	1.87%	0	10.00%
Midprime	84	8	0.41%	0	10.00%
Res A Jumbo / Alt-A	28	2	0.14%	1	7.65%
<b>NY CDO Warehouses Total</b>	<b>524</b>	<b>52</b>	<b>2.55%</b>	<b>1</b>	<b>9.87%</b>
ABS CDOs Mezz / US	597	60	2.91%	4	10.00%
ABS CDOs HG / US	4,347	1,068	21.21%	25	24.56%
<b>NY CDO Origination Total</b>	<b>4,945</b>	<b>1,128</b>	<b>24.12%</b>	<b>29</b>	<b>22.80%</b>
<b>CLOs Total</b>	<b>97</b>	<b>83</b>	<b>0.47%</b>	<b>7</b>	<b>85.35%</b>
<b>Other* Total</b>	<b>229</b>	<b>206</b>	<b>1.12%</b>	<b>19</b>	<b>89.72%</b>
<b>TOTAL</b>	<b>20,496</b>	<b>11,708</b>	<b>100%</b>	<b>1,404</b>	<b>57.12%</b>

# Portfolio – Rating distribution 30/04/2009

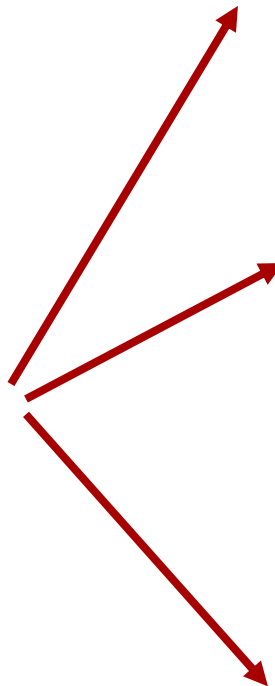
Rating distribution within the total carve out portfolio as of the 30th of April 2009.

TOTAL Carve out portfolio		
Rating Bucket	EUR mio	Percentage
AAA	3,047	14.87%
AA	1,500	7.32%
A	618	3.02%
BBB	1,991	9.72%
BB	1,352	6.60%
B	1,595	7.78%
CCC	2,494	12.17%
CC	3,996	19.49%
C	3,815	18.61%
D	10	0.05%
NR	78	0.38%
<b>TOTAL</b>	<b>20,496</b>	<b>100%</b>

Asset pools Scaldis portfolio		
Rating Bucket	EUR mio	Percentage
AA	74	7.09%
BBB	964	92.91%
<b>TOTAL</b>	<b>1,038</b>	<b>100%</b>

CDO origination portfolio		
Rating Bucket	EUR mio	Percentage
B	30	0.56%
CCC	45	0.82%
CC	2,095	38.32%
C	3,298	60.31%
<b>TOTAL</b>	<b>5,468</b>	<b>100%</b>

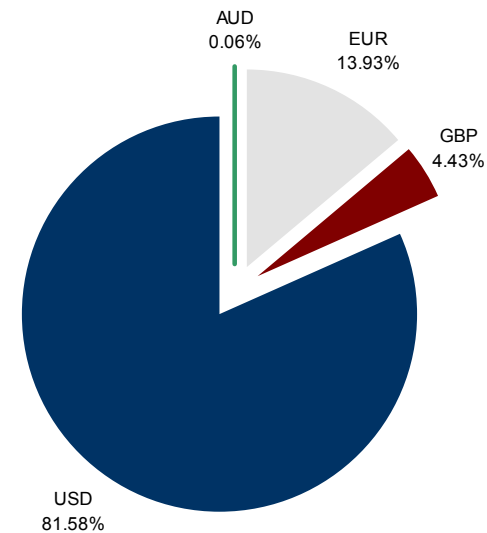
Investment – Trading portfolio		
Rating Bucket	EUR mio	Percentage
AAA	3,047	21.78%
AA	1,426	10.19%
A	618	4.42%
BBB	1,027	7.34%
BB	1,352	9.66%
B	1,565	11.19%
CCC	2,449	17.51%
CC	1,00	13.58%
C	517	3.70%
D	10	0.07%
NR	75	0.56%
<b>TOTAL</b>	<b>13,990</b>	<b>100%</b>



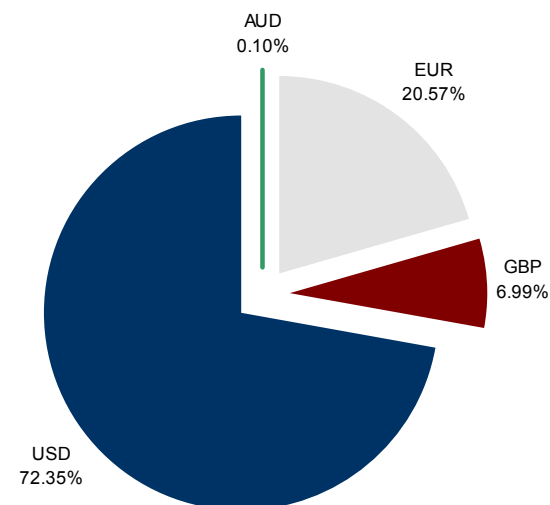
# Currency distribution – Total Portfolio

## 30/04/2009

CCY	Current in CCY	Current in EUR
AUD	22	12
EUR	2,854	2,854
GBP	809	908
USD	22,168	16,722
<b>Total</b>		<b>20,496</b>



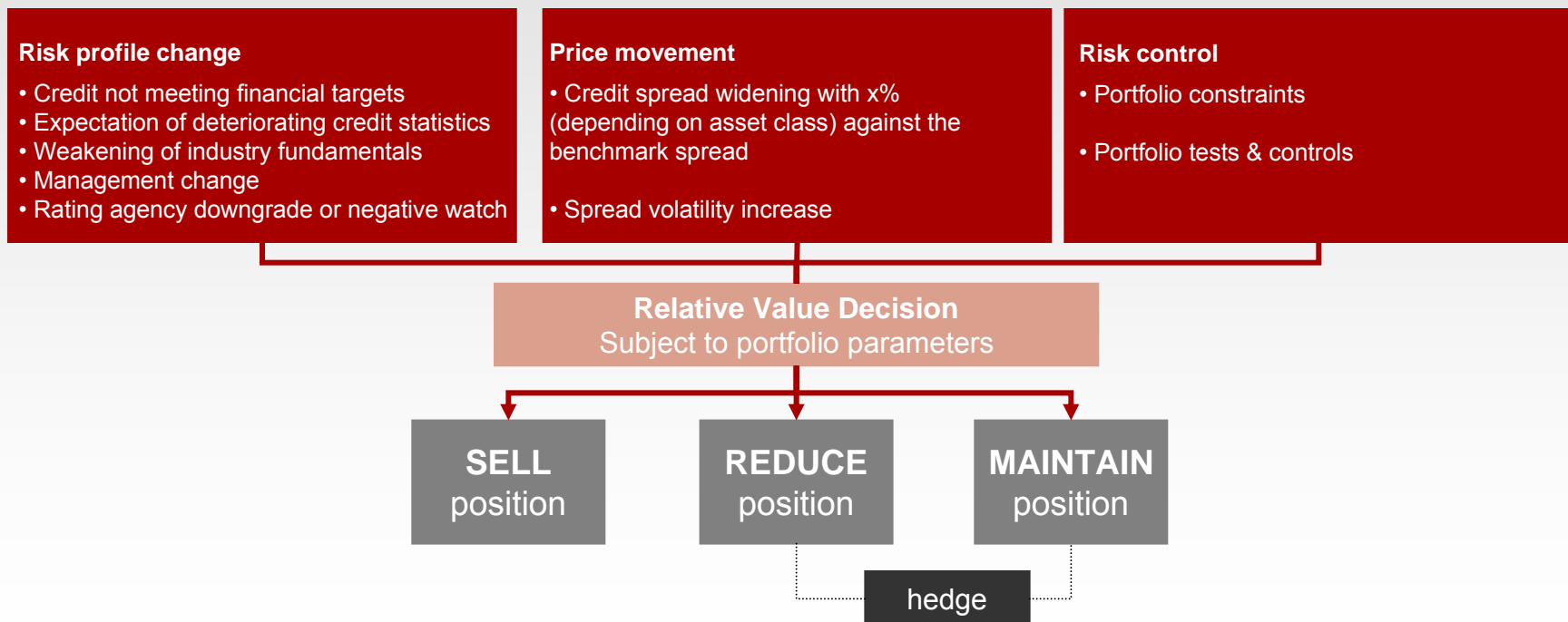
CCY	Value in CCY	Value in EUR
AUD	21	12
EUR	2,408	2,408
GBP	729	818
USD	11,229	8,470
<b>Total</b>		<b>11,708</b>



# Surveillance, Monitoring and Active Management (1)

## Surveillance and Monitoring

- Ongoing Credit Monitoring and Research based on a 3-pillar rule:
  - a) Structural Features (such as credit enhancement, performance triggers ...)
  - b) Transaction Participants (such as originator, issuer, servicer, collateral manager, swap provider ...)
  - c) Collateral
- Indicators of Risk profile change, Price movement and Risk control to support Relative Value decisions.



- Credit Projections of deals: stress testing, price calculations and analysis of deal cashflows using advanced systems (Intex).

## Additional information

- 1 Selected information on full year 2008 results
- 2 Detailed information on Royal Park Investments

### **3 Embedded Value 2008**

# Agenda

## **1 Embedded Value at Fortis**

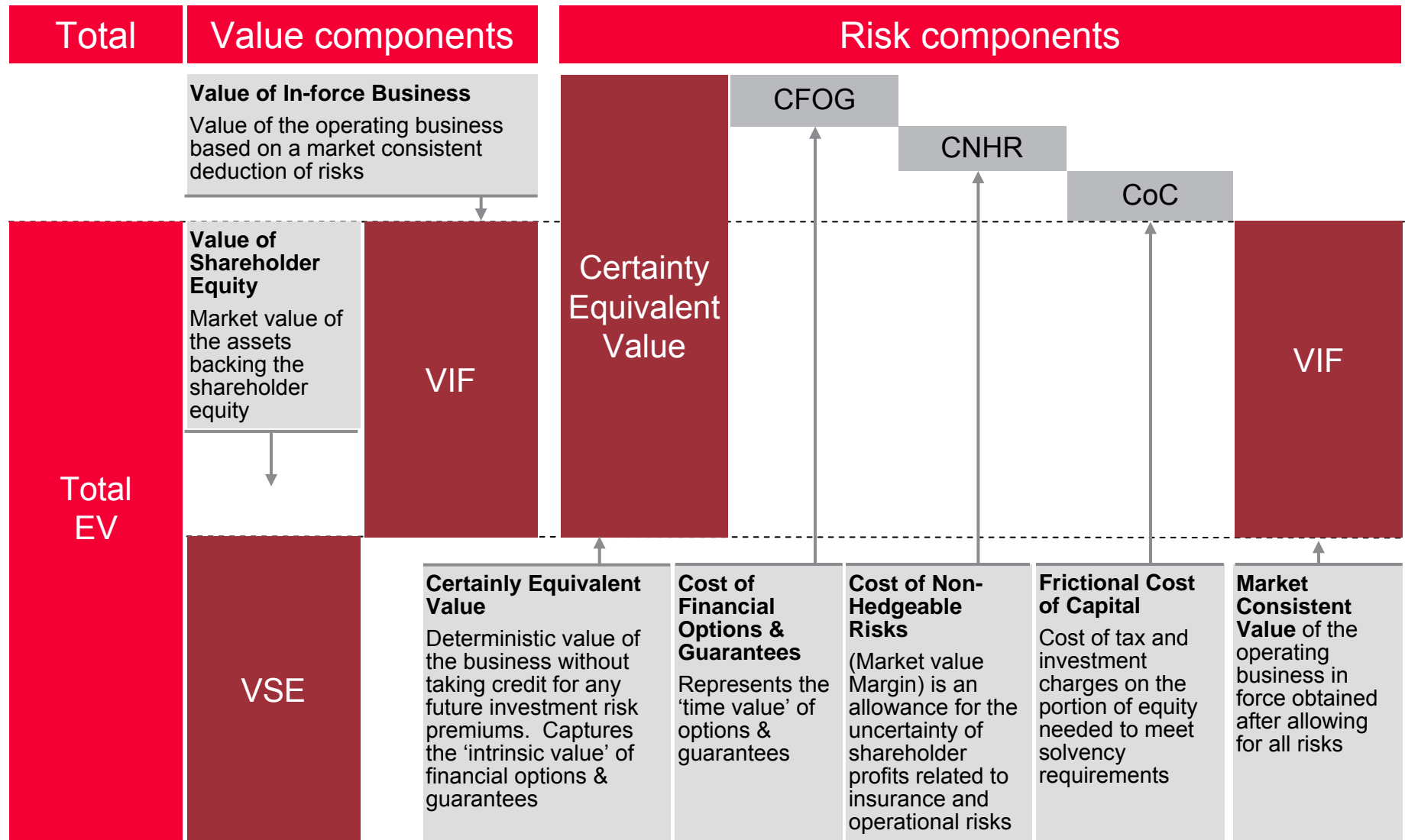
2 EV 2008 Results

3 Appendices

## Key messages

- Fortis complies with European Embedded Value (EEV) Principles and applies a market consistent approach
- Scope of Fortis Group changed in 2008 including the divestiture of Fortis Insurance Netherlands, deconsolidation of 50% of Fortis Luxembourg life and the inclusion of Fortis Insurance Company Asia. Reported values also exclude distribution profits at Fortis Insurance Belgium which arose in Fortis Bank but were included in the past under the EEV “look through principle”
- Where comparisons are made with 2007 results, these results are restated for the scope changes in 2008
- ***The Value Added by New Business (VANB) decreased by 55% to EUR 102 million in 2008 as a result of the adverse impact on traditional savings products of the very low interest rates and high cost of options at year-end***
- ***Embedded Value (EV) decreased by 26% to EUR 4.9 billion mainly driven by the turbulence of financial markets***
- In light of the financial market turbulence, Fortis decided to adapt its market consistent approach by allowing for an illiquidity premium of 50 basis points above the swap rate for the European companies and 100 basis points for the Hong Kong company. This reflects Fortis’ view that under current market conditions additional spread can be gained over the swap rate by holding debt securities to maturity.
- Full Embedded Value 2008 report available on [www.fortis.com](http://www.fortis.com) including review statement

# Embedded Value at Fortis



## Scope 2008

**Covered business for Fortis EV includes all long-term life insurance business from the following majority shared subsidiaries:**

- Fortis Insurance Belgium (FIB)
- Fortis Insurance International (FII)
  - Fortis Assurances in France
  - Fortis Luxembourg in Luxembourg (50%)
  - Millenniumbcp Fortis in Portugal (51%)
  - Fortis Insurance Company Asia ('FICA') in Hong Kong

**This Fortis EV disclosure excludes joint ventures in Asia and smaller entities in Insurance International not mentioned above.**

**Where comparisons are made to 2007 results, the figures represent the restated figures resulting from the scope changes at Fortis Group, unless stated otherwise.**

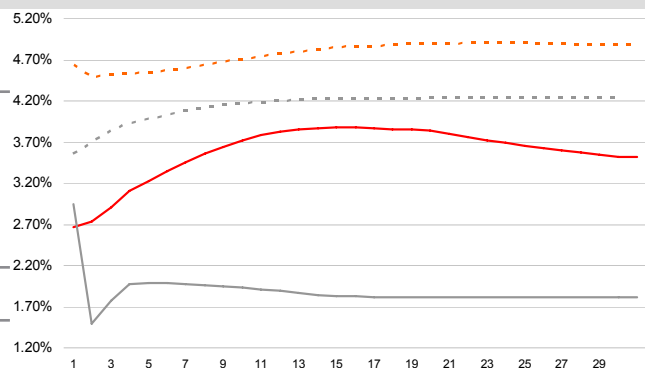
# Key Assumptions and Calibrations

## Operating assumptions

Expenses: actual expenses including allocation of pension costs and all holding expenses except for EUR 3.7 million one-off and pre-tax EUR 230 million of group central overheads which remained unallocated. Expense inflation is based on price and wage inflation.

Other operating assumptions: best estimate.

## Economic assumptions and Market conditions

Economic Assumptions	2008		2007		Yield Curve
	EUR	HKD	EUR	HKD	
<b>Swap</b>					
1 yr	2.7%	2.9%	4.7%	3.4%	
5 yr	3.2%	2.0%	4.6%	3.9%	
10 yr	3.7%	1.9%	4.7%	4.2%	
20 yr	3.8%	1.8%	4.9%	4.2%	
<b>Illiquidity Premium on swap</b>	<b>50 bps</b>	<b>100 bps</b>	<b>0 bps</b>	<b>0 bps</b>	
<b>Volatilities</b>					
Sample swaption quote* for					
5 yr/10yr on 10 year swap	20.8%/18.3%	50.0%/50.6%	12.1%/10.7%	15.9%/14.3%	
5 yr/10yr on 15 year swap	22.3%/21.2%	56.6%/52.1%	12.0%/10.9%	15.9%/14.3%	
Equity indices (Min/max)	28.4%/40.6%	33.2%/47.6%**	27.5%	27.5%	
Real Estate indices (Min/max)	11.9%/23.9%	21.9%	10.0%	10.0%	

— EUR Swap 2008      — HKD Swap 2008  
- - - - - EUR Swap 2007      - - - - - HKD Swap 2007

\* A number of at-the-money swaption quotes as of last trading day of the year were used for calibrating interest rate model. The sample quotes are for a 5-year and 10-year option on 10-year and 15-year swap.

\*\* Quotes for volatilities on Equity Share investments for HKD also include USD indices

\*\*\* Long-term target asset mix based on market value of assets backing modelled operating business excluding unit linked business and assets backing shareholder equity which do not impact CFOG

Target asset mix ***	Fortis		Insurance Belgium		Insurance International	
	2008	2007	2008	2007	2008	2007
Fixed Income	84%	80%	84%	77%	84%	90%
Shares	7%	9%	7%	10%	8%	7%
Other (Real Estate & Cash)	9%	11%	9%	13%	8%	3%

## Additional information

1 Embedded Value at Fortis

**2 EV 2008 Results**

3 Appendices

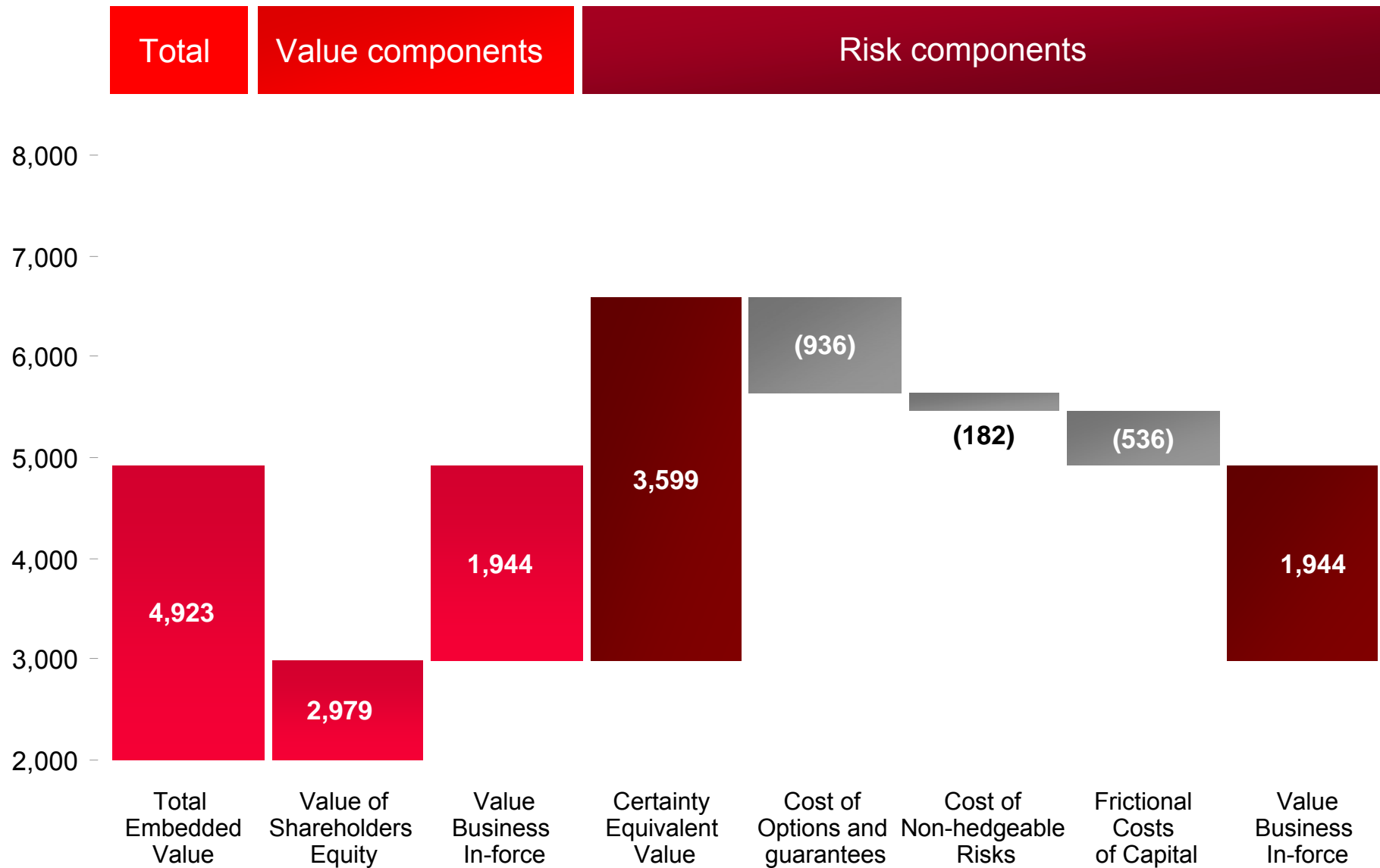
## Restatement of 2007 EV

**As a result of the changes at Fortis, the EV as reported in 2007 is restated including Value added by New Business. Together with modeling enhancements, changes include:**

- The divestiture of Insurance Netherlands
- The exclusion of distribution profits at Insurance Belgium which arose in Fortis Bank and which were included in the past under the EEV “look through principle”
- The deconsolidation of 50% of Fortis Luxembourg life in Insurance International
- Inclusion of Fortis Insurance Company Asia in Insurance International

	Free Surplus	+ Required Equity	+ Value of In-force business	= Embedded Value	Insurance Belgium	Insurance International	Insurance Netherlands
Year-end 2007	2,324	3,856	6,231	12,411	5,706	1,000	5,706
Scope adjustments	(1,258)	(1,719)	(2,768)	(5,745)	(398)	359	(5,706)
Year-end 2007 restated	1,065	2,138	3,464	6,666	5,307	1,359	0
Value added by New Business 2007	(387)	260	472	345	207	62	77
Value added by New Business 2007 Restated	(277)	207	298	228	151	77	0

## Overview of Embedded Value of 2008

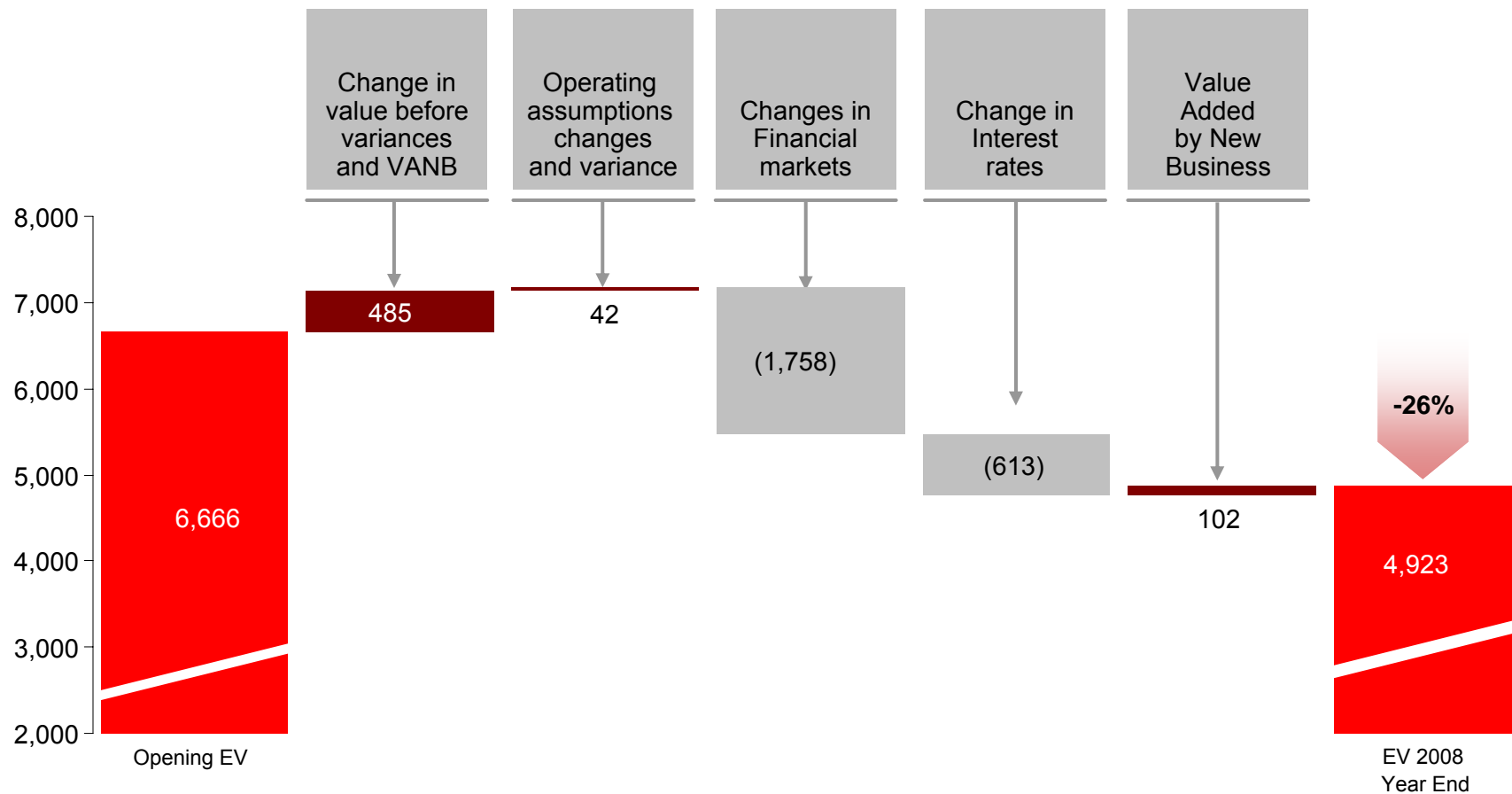


# Overview of Embedded Value of 2008

## Details per Business

	Fortis	Insurance Belgium	Insurance International
<b>EV 2008 year end</b>	<b>4,923</b>	<b>3,817</b>	<b>1,107</b>
Total Shareholders' equity	2,979	2,477	502
Required Equity	2,617	2,158	458
Free Surplus	362	319	43
Value of In-force Business	1,944	1,340	605
Certainty Equivalent Value	3,599	2,720	878
Cost of Financial Options and Guarantees	(936)	(712)	(224)
Cost of Non-hedgeable risks	(182)	(158)	(25)
Cost of Capital	(536)	(511)	(25)

# Movement Analysis



*Change in Value before variances and VANB: the expected after-tax return on embedded value resulting from projections of assets and liabilities over the year*

*Operating assumptions changes and variance: operating assumption changes and the difference between actual and expected non-economic experience and assumption changes, including lapses and mortality*

*Changes in Financial Markets: the difference between actual and expected economic experience, including yields on Equity and Real Estate portfolios*

*Change in interest rates: the impact of changes in interest rate yield curves and volatilities*

# Movement Analysis

## Details per Business

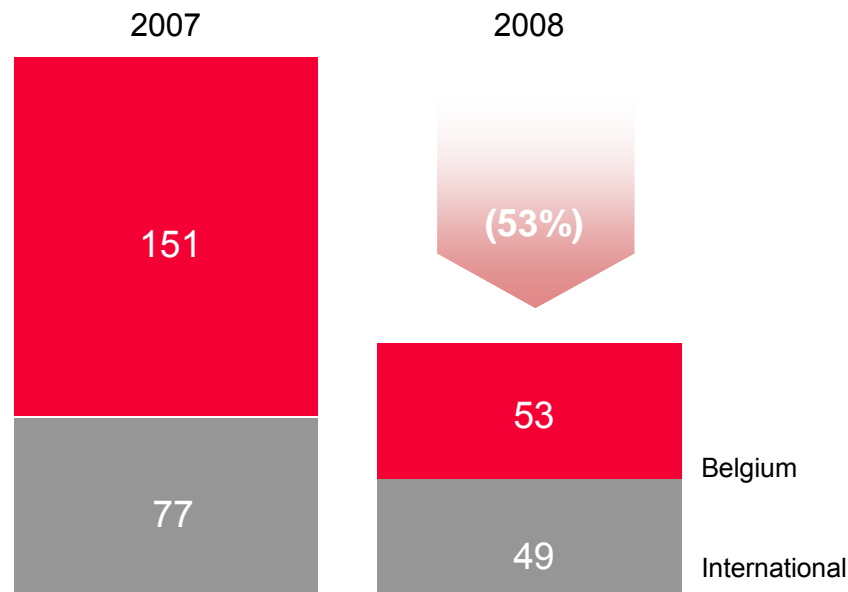
	Free Surplus	+ Required Equity	+ Value of In-force business	= Embedded Value	Insurance Belgium	Insurance International
<b>Year-start 2008</b>	<b>1,065</b>	<b>2,138</b>	<b>3,464</b>	<b>6,666</b>	<b>5,307</b>	<b>1,359</b>
Expected return	670	(42)	(143)	485	419	65
<i>risk free return</i>	23	113	199	335	270	65
<i>expected return above risk free</i>	0	12	146	158	158	0
<i>transfer to shareholder equity</i>	655	(168)	(488)	0	0	0
Operating assumption changes and variance	(214)	307	(51)	42	80	(38)
Changes in Financial Markets	(792)	(25)	(970)	(1,788)	(1,603)	(185)
Change in interest rates	(73)	48	(588)	(613)	(440)	(173)
Value added by new business	(294)	186	210	102	53	49
Exchange rate differences	1	6	23	30	0	30
<b>Year-end 2008</b>	<b>362</b>	<b>2,617</b>	<b>1,944</b>	<b>4,923</b>	<b>3,817</b>	<b>1,107</b>

## Overview of Embedded Value of 2008 In-Force Portfolio Margins

	Fortis	Insurance Belgium	Insurance International
Value of Business In-Force 2008 Year-start	3,464	2,622	841
Value of Business In-Force 2008 Year-end	1,944	1,340	605
% Change	(44%)	(49%)	(28%)
Certainty Equivalent Value Year-start	4,475	3,507	968
Certainty Equivalent Value Year-end	3,599	2,720	878
% Change	(20%)	(22%)	(9%)
Modelled Technical Provisions 2008 Year-start	57,576	41,741	15,834
Modelled Technical Provisions 2008 Year-end	58,050	41,545	16,506
% Change	0.8%	(0.5%)	4.2%
VIF/Modelled Tech. prov. 2008 Year-start	6.0%	6.3%	5.3%
VIF/Modelled Tech. prov. 2008 Year-end	3.3%	3.2%	3.7%

# Overview New Business

	2008	2007	Change
Value Added by New Business (VANB)	102	228	(55%)
Present Value of New Business Premiums (PVNBP)	7,313	7,874	(7%)
New Business Margin (VANB/PVNBP)	1.4%	2.9%	
APE	742	870	(15%)
New Business Margin (VANB/APE)	13.8%	26.2%	



**Value Added by New Business (VANB) reduced from EUR 228 mio in 2007, restated based on the new scope, to EUR 102 mio in 2008**

**The change in VANB was mainly driven by the adverse impact on traditional savings products of the very low interest rates and high cost of options at year-end**

# Overview of New Business

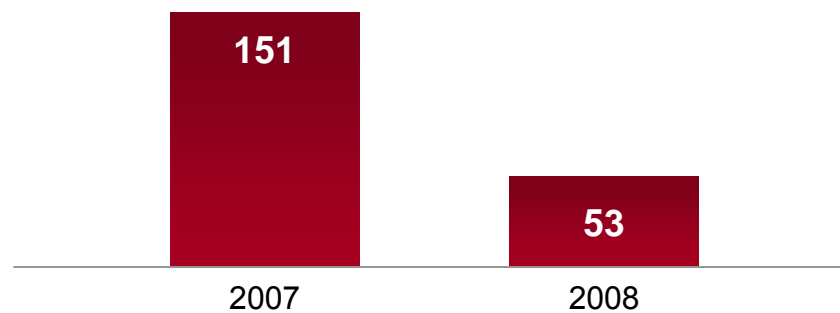
## Details per Business

	Fortis	Insurance Belgium	Insurance International
<b>Value Added by New Business</b>	<b>102</b>	<b>53</b>	<b>49</b>
New Business Strain	(108)	(28)	(80)
Value of In-force business	210	81	129
Certainty Equivalent Value	326	169	157
Cost of Financial Options and Guarantees	(68)	(46)	(22)
Cost of Non-hedgeable risks	(13)	(10)	(3)
Cost of Capital	(36)	(32)	(4)

# Overview of New Business Insurance Belgium

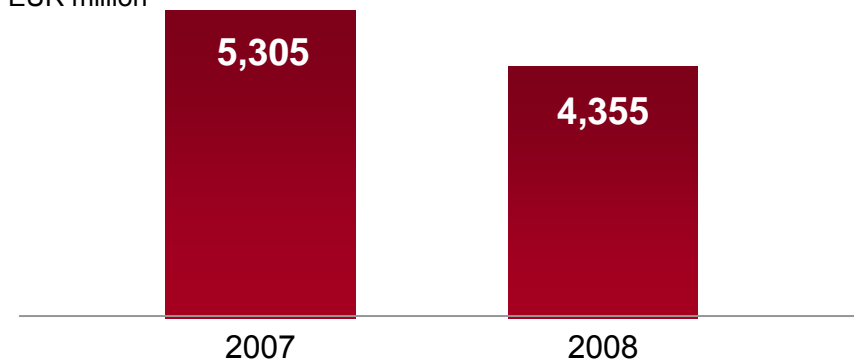
## VANB

EUR million



## PVNB

EUR million



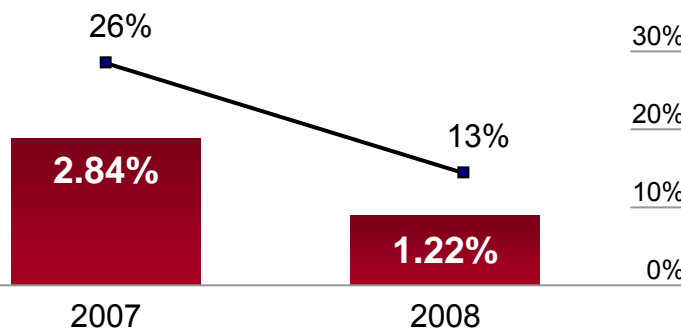
## VANB Margin

VANB / PVNB

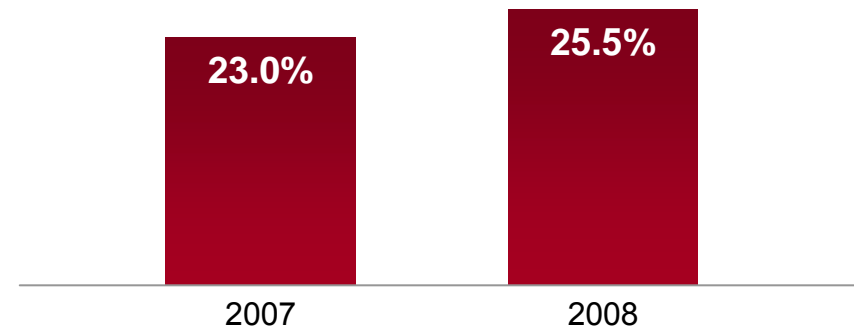
6%  
5%  
4%  
3%  
2%  
1%  
0%

VANB/APE

40%  
30%  
20%  
10%  
0%



## IRR\*

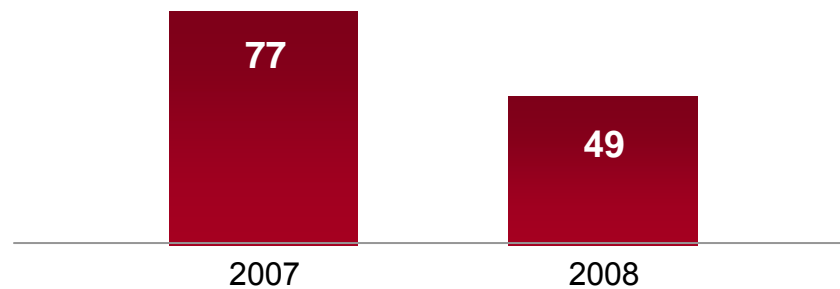


\* Calculated based on a deterministic projection using real-world assumptions

# Overview of New Business Insurance International

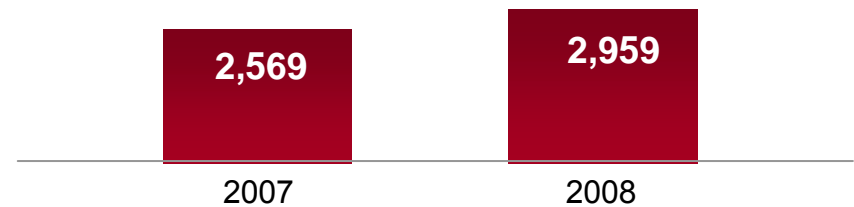
## VANB

EUR million



## PVNB

EUR million



## VANB Margin

VANB / PVNB

6%

5%

4%

3%

2%

1%

0%

VANB/APE

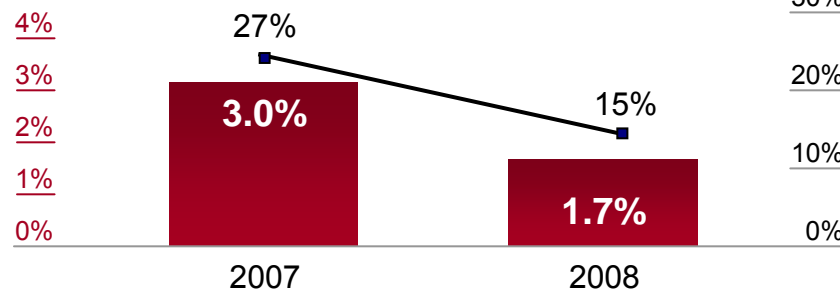
40%

30%

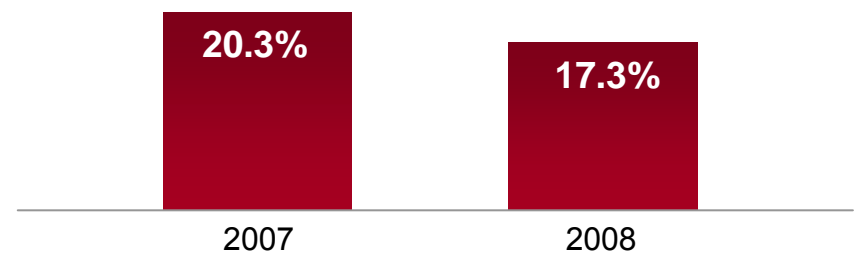
20%

10%

0%



## IRR\*



\* Calculated based on a deterministic projection using real-world assumptions

# Sensitivities

## Embedded Value

	<b>Fortis</b>	<b>Insurance Belgium</b>	<b>Insurance International</b>
Base case EV (million EUR)	4,923	3,817	1,107
Reference rate +100bp	4.9%	4.2%	7.5%
Reference rate -100bp	(14.9%)	(14.4%)	(16.6%)
Asset values shares and real estate -10%	(8.8%)	(10.4%)	(3.5%)
Volatilities equities and properties +25%	(3.4%)	(4.0%)	(1.5%)
Volatilities risk-free yields +25%	(11.3%)	(12.5%)	(7.1%)
Required Equity (minimum regulatory level)	2.7%	3.3%	0.9%
Costs -10%	3.3%	3.3%	3.5%
Mortality rates -5%	(2.5%)	(4.2%)	3.2%
Lapse rates -10%	(3.3%)	(4.7%)	1.7%

# Sensitivities

## Value Added by New Business

	<b>Fortis</b>	<b>Insurance Belgium</b>	<b>Insurance International</b>
Base Case VANB (million EUR)	102	53	49
Reference rate +100bp	28.3%	41.2%	14.4%
Reference rate -100bp	(42.3%)	(52.8%)	(31.1%)
Volatilities equities and properties +25%	(2.5%)	0.4%	(5.6%)
Volatilities risk-free yields +25%	(23.8%)	(31.4%)	(15.6%)
Required Equity (minimum regulatory level)	8.8%	14.6%	2.6%
Costs -10%	10.2%	12.2%	8.0%
Mortality rates -5%	16.8%	4.9%	29.6%
Lapse rates -10%	8.9%	1.5%	16.9%

# Adjusted Net Equity

## Equity Reconciliation 2008

	<b>2008</b>
<b>Total IFRS equity, including minority interests, allocated to</b>	<b>7,310</b>
General including eliminations	2,001
Bank	-
Insurance	5,309
<b>Insurance Total Equity, allocated to</b>	<b>5,309</b>
Minority interests	509
Other Insurance activities	796
Life Insurance activities	4,005
<b>Life Activities Shareholders Equity, split between</b>	<b>4,005</b>
Non-covered	174
Covered	3,831
<b>Covered Life Activities IFRS Equity, adjusted for</b>	<b>3,831</b>
Deduction Deferred Acquisition Costs	(167)
Deduction of Other Intangible Assets (Goodwill/VOBA)	(1,059)
Reserves adjustments	447
Market value adjustments	444
Reallocation of UCG to assets backing provisions	(761)
Adjustments for participation differences	243
<b>Value of Shareholder Equity</b>	<b>2,978</b>
<b>Embedded Value, of which</b>	<b>4,923</b>
Value of Shareholder Equity	2,978
Value of Business In-force	1,944
<b>Business out of scope</b>	<b>2,727</b>
Adjustments for participation differences	(243)
Non-covered life activities	174
Other Insurance activities	796
Bank	-
General including eliminations	2,001
<b>Adjusted Net Equity</b>	<b>7,650</b>

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## Fortis Investor Relations Team

**Dies Donker** +31 30 226 69 31  
**Robert ter Weijden** +31 30 226 32 11  
**Frank Vandenborre** +32 2 565 57 49

**Fax numbers:** +31 30 226 99 33  
+32 2 565 58 25

**E-mail:** [ir@fortis.com](mailto:ir@fortis.com)

**Website :** [www.fortis.com](http://www.fortis.com)

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