Press release

Brussels / Utrecht, 14 October 2008

This announcement relates to Fortis SA/NV and Fortis N.V. (Fortis), listed on Euronext. After the closing of the announced transactions, it will no longer include the Banking and Insurance activities that have been acquired by the Dutch and Belgian States and of which the non-Dutch activities will be acquired by BNP Paribas subsequently. As a result of these steps, Fortis has undergone a complete metamorphosis. Fortis always operated as an integrated financial services company. Its financing policy was based on optimization from a Group-consolidated point of view, whilst of course respecting the regulatory requirements for the underlying entities. This has resulted in an inter-related, complex financing and reporting structure. Unravelling this is a task that cannot be done in a few days with reasonable assurance about the outcome. Particularly, risks are associated with the still unknown effects of third quarter developments on the balance sheet and income statement of Fortis in its new constellation. Nevertheless, Fortis wishes to provide information to the market to the best of its ability. The figures in this press release are non-audited pro-forma figures representing the expected impact of the recent transactions on Fortis using the last published accounts (half year 2008 results) as a basis. Third quarter result contribution or balance sheet movements are not taken into account, except when explicitly mentioned. In view of the far-reaching effects of the recent transactions, Fortis will seek to be exempted from publication of its third quarter results (originally foreseen for 3 November 2008). Fortis will publish full disclosure on the starting position of Fortis in its new constellation as soon as this can be provided. Pending this, all figures are indicative estimates and should be treated accordingly.

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Information on the new structure of Fortis SA/NV and Fortis N.V.

Fortis, like many financial institutions, has been confronted with a systemic financial crisis of ever-growing, unparalleled proportions. Faced with this situation of mounting crisis and the need for immediate resolute action, and given the role and responsibilities of the governments, Fortis had to safeguard the interest of all stakeholders by ensuring that the operations of its large Banking and Insurance units would continue to function. In the prevailing market conditions this could only be realised by agreeing to sell these to available strong parties.

Recent developments

On 3 and 6 October, Fortis confirmed the sale of all its Banking activities and of its Dutch and Belgian Insurance activities. As a result of these sales, Fortis will receive a total cash consideration of **EUR 14.4 billion**.

- The sale, on 3 October, of the Dutch activities to the Dutch State raised EUR 16.8 billion, of which **EUR 4 billion** benefits Fortis, the remainder benefits Fortis Bank
- The sale, announced on 6 October, of the remaining 50% + 1 share of Fortis Bank to the Belgian State raised **EUR 4.7 billion.** The Belgian government agreed with BNP Paribas on the subsequent transfer of 75% of Fortis Bank to BNP Paribas while continuing to own the remaining 25% of the company
- Finally, the sale of 100% of Fortis Insurance Belgium to BNP Paribas will raise **EUR 5.73 billion** subject to certain conditions precedent and to final closing adjustment (minus EUR 200 million)

Fortis assets

Fortis will henceforth include the International Insurance activities, a stake in a structured credit portfolio entity and financial assets and liabilities of the different financing vehicles (further details are provided in this release).

- **Fortis Insurance International** is present in UK, France, Hong Kong, Luxembourg (Non-Life), Germany, Turkey, Russia, Ukraine and has joint-ventures in Luxembourg (Life), Portugal, China, Malaysia, India and Thailand. The largest profit contributors are Fortis UK, Millenniumbcp Fortis (Portugal) and Fortis Hong Kong. As of 30 June 2008, Fortis Insurance International had a total equity of EUR 1.6 billion, funds under management within consolidated companies in the Life Business of EUR 21 billion, and posted a net profit of EUR 73 million over the first half of 2008. Since the structured credit portfolio will reside in a separate legal entity, the operating companies of Fortis Insurance International are shielded from any impact of this portfolio (see below).
- Fortis will own 66% of a **Structured Credit Portfolio entity**, the rest will be held by the Belgian State (24%) and BNP Paribas (10%). This entity will contain a structured credit portfolio acquired from Fortis Bank with a carrying value of EUR 10.4 billion (as specified in the additional information). It will be separately managed and is expected to be funded with EUR 7.4 billion external funding and EUR 3 billion equity.
- Fortis will for the remainder have various **financial assets and liabilities** of the different financing vehicles.

The new Fortis consolidation scope as per 30 June 2008, not taking into account any result contribution and balance sheet movement in the third quarter 2008, and after closing of the announced transactions, is expected to have a total equity of EUR 8.8 billion, comprised of EUR 7.4 billion of Shareholders' equity and EUR 1.4 billion of Minority Interests (additional details are provided further on in this release). After the closing of the transactions, the number of outstanding shares will increase to 2,468 million[1].

Debt service capacity

The expected net cash position of EUR 10.5 billion in the General Account will exceed the EUR 9.4 billion debt obligations out of all Fortis issuing entities. Therefore, it is expected that Fortis will be able to service and redeem all these debt obligations.

Announcement Belgian government

For details, we refer you to the press release issued by the Belgian government on 12 October 2008 to be found on www.belgium.be.

[1] Shares outstanding 30 June 2008: 2,343 million to which should be added back 125 million Fortis shares for the CASHES instrument, totalling 2,468 million shares

Next communications
Further necessary decisions to be taken by Fortis, in particular related to governance, strategy and dividend policy are under review and will be announced as soon as possible.

The Board of Directors of Fortis will call an Extra-Ordinary General Meeting of Shareholders (EGM), which will be held within 8 weeks as of today at the latest. A specific date will be set as soon as possible, i.e. when there is sufficient certainty on the necessary new governance (structure) to be proposed to the Shareholders Meeting. The Board will also prepare a shareholder circular which will be made publicly available to all shareholders at least 2 weeks prior to the EGM.

Figures provided in this press release are based on the 30 June 2008 information adjusted for the transactions announced. Pro forma figures are not audited and do not take into account any result contribution or balance sheet movement in the third quarter of 2008, nor any direct change in total equity.

Disclaimer

The statements in this press release are based on a going concern valuation and do not take into account the impact of the third quarter 2008 results. Also, the statements are based on information currently available to Fortis and reflect, to the best knowledge and belief of Fortis, having taken all reasonable care to ensure that such is the case, the impact of the transactions with the Belgian and Dutch States and with BNP Paribas mentioned herein. The information on which these statements are based may be subject to change (in particular with respect to the transaction with BNP Paribas, the closing of which remains subject to certain conditions precedent) and this announcement may also contain certain projections or other forward looking-statements concerning Fortis. These statements are based on current expectations of management of Fortis and are naturally subject to uncertainties, assumptions and changes in circumstances.

The forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond the company's ability to control or estimate precisely, such as future market conditions and the behaviour of other market participants. Other unknown or unpredictable factors could also cause actual results to differ materially from those in the statements. Therefore undue reliance should not be placed on such statements. Important factors that could cause those differences include, but are not limited to:

(i) The ongoing assessment by Fortis and the acquirers of the impact of these transactions,

(ii) Ongoing discussions with the acquirers, including in respect of the disentanglement of the financial instruments issued or guaranteed by entities to be held by Fortis and the acquirers and in respect of transitional services to be performed by and between such entities to enable them to be managed in accordance with past practice,

(iii) Circumstances beyond the control of Fortis and not yet known today, such as consents required from regulatory and supervisory authorities.

Fortis assumes no obligation and does not intend to update these statements, whether as a result of new information, future events or otherwise, except as required pursuant to applicable law.

Key additional information on Fortis

This press release provides - non-audited and on a pro-forma basis - additional information on the new structure of Fortis and contains:

1. New consolidation scope
   1.1. Fortis Insurance International
   1.2. Structured credit portfolio
   1.3 General Account, including financing instruments and the EUR 14.4 billion cash proceeds of the announced sales

2. Information on the mandatory convertible securities
   2.1. CASHES
   2.2. FRESH
   2.3. MCS

3. An overview of the former Fortis issued hybrid Tier 1 capital

1. New consolidation scope

After the closing of the transactions, the described new consolidation scope will be composed of:

- Fortis Insurance International (excl. Fortis Corporate Insurance (FCI), sold to the Dutch State)
- A 66% stake in a Structured Credit Portfolio (in a special purpose vehicle or SPV)
- The Fortis General Account, including financing instruments and the EUR 14.4 billion cash proceeds of the announced sales

The new Fortis consolidation scope, not taking into account any result contribution and balance sheet movement in the third quarter 2008 and after closing of the announced transactions, is expected to have a total equity of EUR 8.8 billion, comprised of EUR 7.4 billion of Shareholders' equity and EUR 1.4 billion of Minority Interests.

Compared to the negative total equity of EUR 7.4[2] billion published for the General Account and Eliminations at 30 June 2008 (*see Interim Financial Statements as at 30 June 2008, note 22.5*), the EUR 16.2 billion increase is composed of:

- EUR 14.4 billion of proceeds of the sales transactions mentioned above
- EUR 1.6 billion of total equity for Fortis Insurance International (excl. FCI)
- EUR 1.0 billion of Minority Interests (mainly[3] the Belgian State and BNP Paribas in the SPV for the structured credit portfolio)
- EUR 0.8 billion negative impact on equity from a cash payment to Fortis Bank within the framework of a set of contracts linked to CASHES

[2] Composed of a negative total equity of EUR 4.8 billion in General account and an additional negative equity of EUR 2.6 billion in Eliminations, mainly related to Treasury Shares for FRESH (EUR 1.0 billion) and CASHES (EUR 1.5 billion)
[3] Fortis Bank also has minority shareholders for 0.07% of the capital

Fortis pro-forma unaudited Equity (EUR billion)

General Account and Eliminations reported 30 June 2008	**(7.4)**	As reported (*Interim Financial Statements as at 30 June 2008, note 22.5)*
+ Sales Proceeds	+14.4	+ 4.0 from Fortis Insurance Netherlands + 4.7 from Fortis Bank + 5.7 from Fortis Insurance Belgium
+ Fortis Insurance International (FII)	+1.6	Total equity FII, excluding Fortis Corporate Insurance
+ Minority Interests	+1.0	Mainly Belgian State and BNP Paribas stakes in the structured credit SPV
+ CASHES agreement	(0.8)	Additional equity impact of payment to Fortis Bank within the framework of a set of contracts linked to CASHES
Total Equity pro-forma on 30 June 2008 after transactions	**8.8**	

After the closing of the transactions, the number of outstanding shares will increase to 2,468 million, as the shares pledged for the CASHES will no longer be eliminated (as Fortis Bank, which holds those shares, will no longer be consolidated by Fortis).

1.1 Fortis Insurance International

Fortis Insurance International NV is a Dutch holding company, which contains the following insurance assets:

- 100% owned subsidiaries in the UK, France, Hong Kong, Luxembourg (Non-Life), Germany, Turkey, Russia and Ukraine
- Joint-ventures in Luxembourg (Life), Portugal, China, Malaysia, India and Thailand
- Fortis Re, a 100% owned Dutch-based re-insurance captive, will also continue to be reported under Fortis Insurance International. Fortis Corporate Insurance (FCI) is no longer part of Fortis Insurance International (as it was sold to the Dutch state)

Fortis Insurance International (excluding FCI) reported on 30 June 2008[4] a balance sheet total of EUR 26.6 billion and a total consolidated equity of EUR 1.6 billion (of which EUR 0.4 billion minority interests). The net profit amounted to EUR 73 million. Gross inflow was EUR 2.8 billion for the consolidated companies (i.e., the 100% owned companies and the joint venture in Portugal) and an additional EUR 1.6 billion for the joint ventures consolidated following the equity method. Funds under management of the Life Business within consolidated companies were EUR 21 billion. Since the structured credit portfolio will reside in a separate legal entity, the operating companies of Fortis Insurance International are shielded from any impact of this portfolio.

[4] Pro forma figures do not take into account any result contribution or balance sheet movement in the third quarter 2008

1.2. Structured credit portfolio

As published at the Half Year 2008 results, Fortis Bank structured credit portfolio amounted - on 30 June 2008 - to a EUR 39.5 billion net exposure, of which EUR 1.9 billion in originated CDOs and EUR 37.6 billion in structured credit investments.

This portfolio will be split into two parts based on an estimate of the carrying values taking into account the market situation at 30 September 2008 and currency rates as per 31 August 2008:

- EUR 10.4 billion will be transferred into a special purpose vehicle (SPV) jointly owned by Fortis (66%), the Belgian State (24%) and BNP Paribas (10%)
- EUR 24.0 billion will remain within Fortis Bank

The detailed lines that will be transferred before closing of the transaction are still to be established. The overall amount of EUR 10.4 billion could change as a result of a fluctuation of exchange rates between 31 August 2008 and the expected date of closing, and the individual lines can change under the control of BNP Paribas.

The table below provides the possible breakdown of the new SPV's portfolio by type of asset:

	Type of asset *(EUR billion)*	Carrying value[5]	Marked at *(% of par)*
USA	US RMBS	3.7	60%
	US Multi-sector	0.6	67%
	US Student Loans Private	0.6	79%
	US CDO	0.7	87%
Europe	RMBS Spain, RMBS UK, CDO	3.7	84%
Total Structured Credits		**9.3**	**71%**
USA	CDO Origination	1.1	22%
Total		**10.4**	**57%**

The funding of the special purpose vehicle is expected to be organized as follows:

		(EUR billion)
Debt		**7.4**
	in USD	*6.0*
	in GBP	*1.3*
	in other currencies	*0.1*
Equity		**3.0**
	Fortis (66%)	*2.0*
	Belgian State (24%)	*0.7*
	BNP Paribas (10%)	*0.3*
		10.4

The Fortis part of the debt is EUR 4.9 billion (66% of EUR 7.4 billion), externally funded with a cash pledge for EUR 1.9 billion.

[5] Carrying value is defined as face value minus equity adjustments and impairments

1.3 General Account, including financing instruments

The Fortis General Account consists of the following companies:

- Fortis SA/NV and Fortis N.V., the two holding companies (Topco's)
- Fortis Brussels SA/NV and Fortis Utrecht N.V., two sub-holding companies (Subco's) which principally hold all the assets of Fortis SA/NV and Fortis NV
- Fortis Insurance N.V., the holding of the insurance entities (Including Fortis Insurance International)
- Fortis Finance N.V., the main (long term) financing vehicle for the General Account and for the Fortis operating entities
- Financing vehicles: Fortfinlux SA (issuer of the FRESH), FGF Lux SA (issuer of convertible in FGF Lux shares), Fortinvestlux SA (the main assets are the forward purchased FGF Lux shares) and Fortis Hybrid Financing (issuer of Hybrone and NITSH I and II)

Remaining debt and debt servicing capacity

To the best of our knowledge and in line with the general disclaimer, based on the balance sheet at 30 June 2008, the General Account of Fortis will include EUR 15.7 billion of Debt certificates, Subordinated Liabilities and Other Borrowings.

These EUR 15.7 billion can be broken down as follows:

- EUR 4.75 billion is related to Fortis Bank and is matched by loans to Fortis Bank of equal size
- EUR 1.03 billion relates to FRESH, undated Tier 1 securities and only redeemable in shares (see point 2.1). The principal amount issued was EUR 1.25 billion
- EUR 1.625 billion related to Tier 1 debt securities (NITSH I, NITSH II and Hybrone), which are on-lent in a similar format to entities that will be sold to BNP Paribas and that are expected to continue to serve this debt in accordance with each instrument's terms and conditions (see point 3). Fortis Hybrid Financing SA, the issuer of these Tier 1 instruments, will continue to service these securities in accordance with each security's terms and conditions
- EUR 8.3 billion debt issued by Fortis Finance N.V.

Taking the above into account, the debt servicing capacity of Fortis is only dependent on the EUR 8.3 billion debt issued by Fortis Finance N.V. at 30 June 2008. This debt increased with EUR 1.1 billion during the third quarter 2008, and thus amounts to EUR 9.4 billion at 30 September 2008.

Fortis Finance N.V. is the financing company of Fortis that issued senior debt with parental guarantee under its Commercial Paper program and Euro Medium Term Note program. The proceeds were predominantly used to provide funding to Fortis holding companies on a back-to-back basis. The company will remain a subsidiary of the Fortis holding companies.

According to the balance sheet at 30 June 2008 the net cash position[6] of the General Account amounts to EUR 0.1 billion. This net cash position improved with EUR 2.3 billion during the third quarter 2008, and shall improve with the EUR 14.4 billion proceeds of the sales transactions, while funds to be used to capitalize the SPV containing the structured credit portfolio will absorb EUR 1.98 billion of cash (i.e. Fortis share in equity). In addition, Fortis will provide a cash pledge for EUR 1.9 billion.

Furthermore, Fortis has agreed to pay EUR 2.35 billion to Fortis Bank within the framework of a set of contracts linked to the CASHES instrument (see point 2.2).[7]

This results in an expected net cash position of EUR 10.5 billion, available to serve interest payments and redemption of the mentioned EUR 9.4 billion Fortis Finance N.V. debt obligations for both institutional and retail investors.

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[6] Net cash position is calculated as Cash & Cash Equivalents + Due from Banks – Due to Banks

[7] This will lead to a EUR 0.8 billion negative impact on Shareholders Equity as CASHES were already accounted for EUR 1.5 billion in Eliminations.

Net cash position Fortis (excluding FII)	EUR billion
Net cash position on 30 June 2008	0.1
Net cash improvement over Q3 2008	+2.3
Proceeds from sales	+14.4
Cash investment in structured credit SPV	(2.0)
Cash pledged in exchange for funding of SPV	(1.9)
Cash payout related to CASHES instrument	(2.4)
Pro-forma net cash position	**10.5**

In addition, of the remaining EUR 7.4 billion of debt, the coupon of FRESH is expected to be serviced by Fortis, whereas the other instruments are expected to be serviced, via Fortis, by the entities to be acquired by BNP Paribas.

2. Information on the Mandatory Convertible Securities

2.1. FRESH

Fortis issued in 2002 an undated mandatory convertible, the so-called FRESH, with ISIN code XS0147484074 with a nominal amount of EUR 1,250 billion. The liability component of FRESH amounting to EUR 1.03 billion[8] is reported on the balance sheet of the Fortis holding companies. Like the CASHES, this instrument does not include a possibility of redemption in cash; holders only have a pledge on Fortis shares and can opt to convert these instruments for a fixed number of Fortis shares, as described in the terms and conditions of the instrument. The coupon of FRESH is expected to be serviced by Fortis.

2.2. CASHES

In 2007 Fortis Bank issued an instrument called CASHES, with ISIN code BE0933899800 with a nominal amount of EUR 3 billion. The CASHES is reported as liability on the balance sheet of Fortis Bank and is no longer consolidated by Fortis. Like the FRESH, this instrument does not include a possibility of redemption in cash; holders only have a pledge on Fortis shares and can opt to convert this instrument for a fixed number of Fortis shares, as described in the terms and conditions of the instrument.

Fortis Bank will enter into a new agreement with Fortis , under which Fortis will commit to terminate an existing contract with Fortis Bank pursuant to which Fortis agreed to neutralize any impact of the CASHES on Fortis Bank (because of differences in value between the CASHES and Fortis shares as recorded on the books of the bank).

In the same context, Fortis will enter into a total return swap with Fortis Bank, giving Fortis the right to the value of the underlying Fortis shares upon conversion as well as to all future dividends paid on those Fortis shares. The total sum payable by Fortis to Fortis Bank in respect of the CASHES amounts to EUR 2.35 billion

2.3. MCS

Next to undated instruments, Fortis also issued a dated mandatory convertible called MCS, issued in 2007 with ISIN code XS0328920862, and with a nominal amount of EUR 2 billion. Fortis Bank Nederland (Holding) N.V. is the primary co-obligor for this instrument, which is accounted for in the balance sheet of Fortis Bank Nederland (Holding). Fortis’ two parent companies and Fortis Bank are co-obligors. The MCS will not have a negative impact on the cash position nor the equity position of Fortis.

The instrument will convert into a fixed number of Fortis shares upon maturity in 2010. In principle, the parent companies are expected to be compensated by Fortis Bank Nederland (Holding) N.V. via the issuance of ordinary shares of Fortis Bank Nederland (Holding) for an amount of EUR 2 billion according to an agreement between the co-obligors.

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[8] For further details on FRESH please refer to the Fortis Consolidated Statements 2007, note 30.3

3. Overview of former Fortis issued hybrid Tier 1 capital

The tables below list all Fortis issued hybrid Tier 1 capital instruments and indicates their destination.

The first table includes instruments, which are no longer consolidated in the new Fortis scope.

Security name	ISIN	Issuer name	Amount (in EUR m)	Coupon	Call date	Destination
TOPrS 1999	USU3456R1006	Fortis Capital Funding	400	Floating	Apr-09	Fortis Insurance Netherlands
TOPrS 1999	USU3456P1040	Fortis Capital Funding	50	6.25%	Apr-09	Fortis Insurance Netherlands
TOPrS 1999	USU3456N1091	Fortis Capital Funding	200	5.50%	Apr-09	Fortis Insurance Netherlands
FBN 1999	GB0057047275	Fortis Capital Company	450	6.25%	Jun-09	Fortis Bank Netherlands
FBB 2001	BE0117584202	Fortis Bank	1,000	6.50%	Sep-11	Fortis Bank
FBB 2004	BE0119806116	Fortis Bank	1,000	4.625%	Oct-14	Fortis Bank

The second table includes instruments which are still consolidated in the new Fortis scope, but which are lent on to Fortis entities that have been sold. These instruments should continue to be served by the new owner(s) of these operating entities in accordance with each instrument its terms and conditions.

Security name	ISIN	Issuer name	Amount (in EUR m)	Coupon	Call date	Destination
Hybrone 2006	XS0257650019	Fortis Hybrid Financing	500	5.125%	Jun-16	Fortis Insurance Belgium
NITSH I 2008	XS0346793713	Fortis Hybrid Financing	500	8.25%	Aug-13	Fortis Bank
NITSH II 2008	XS0362491291	Fortis Hybrid Financing	625	8.00%	Jun-13	Fortis Bank (375) Fortis Insurance Belgium (250)

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Annex

Pro-forma and non-audited balance sheet for new consolidation scope of Fortis

All amounts are in EUR billion. Figures are based on the 30 June 2008 information, adjusted for the transactions announced. Due to rounding differences, numbers may not add up.

	Old General	Old Eliminations	Old Total Gen.+Elim.	Proceeds sales	Impact CASHES	impact CDO	FII (excl FCI)	Eliminations	New Fortis
Total assets	15,1	(2,6)	12,5	14,4	(0,8)	8,4	26,6	(1,0)	60,1
Total liabilities	19,9		19,9			7,4	25,0	(1,0)	51,3
Shareholders' equity	(4,9)	(2,6)	(7,5)	14,4	(0,8)		1,2	0,1	7,4
Minority interests	0,0		0,0			1,0	0,4	(0,0)	1,4
Total equity	(4,8)	(2,6)	(7,4)	14,4	(0,8)	1,0	1,6	0,0	8,8