



Solid partners, flexible solutions

## FORTIS LUXEMBOURG FINANCE S.A.

*(Incorporated as a société anonyme under the laws of the Grand Duchy of Luxembourg registered with the Luxembourg Registry of Commerce and Companies under No. B 24,784)*

### U.S.\$3,000,000,000

### Euro Medium Term Notes

## Unconditionally\* and irrevocably guaranteed by Fortis Bank nv-sa

*(Incorporated in the Kingdom of Belgium)*

Under the Euro Medium Term Note Programme (the "Programme") FORTIS LUXEMBOURG FINANCE S.A. (the "Issuer"), subject to compliance with all relevant laws, regulations and directives and subject to obtaining any appropriate official or other consents, may from time to time issue outside Luxembourg its Euro Medium Term Notes (the "Notes"). The Notes will be guaranteed on a subordinated or unsubordinated basis by Fortis Bank nv-sa (the "Guarantor"). The aggregate principal amount of Notes outstanding will not at any time exceed U.S.\$3,000,000,000 (or the equivalent in other currencies), as calculated by reference to the aggregate principal amount of the Notes.

The Notes will be issued on a continuous basis. The Notes may bear interest at a fixed or floating rate, on a variable coupon amount basis or any combination of those or may be issued on a fully discounted basis and not bear interest, and the amount payable on the redemption of Notes may be fixed or variable. Notes will be issued in series (each a "Series") having one or more issue dates and the same maturity date (if any), bearing interest (if any) on the same basis and at the same rate and on terms otherwise identical. The length of interest periods, and the rate of interest in respect thereof, may differ from the length, and the rate of interest in respect of subsequent or, as the case may be, preceding interest periods. Each Series may be issued in tranches (each a "Tranche") on different issue dates. The specific terms of each Series will be set forth in a pricing supplement to this Offering Circular (a "Pricing Supplement") which will contain the information described under "General Information". The Issuer may redeem the Notes if certain changes in Luxembourg or Belgian taxation law occur or, if the Pricing Supplement issued in respect of any Series so provides, in the circumstances set out in it. See "Terms and Conditions of the Notes — Redemption, Purchase and Options".

The Notes will be offered by the Issuer through Fortis Bank nv-sa, Barclays Bank PLC, BNP Paribas, Deutsche Bank AG London, Goldman Sachs International, Merrill Lynch International, Mizuho International plc, JPMorgan Securities Ltd., Morgan Stanley & Co. International Limited, Nomura International plc, Salomon Brothers International Limited, Société Générale and UBS AG, acting through its business group UBS Warburg (the "Dealers", which expression shall include any additional Dealers appointed under this Programme from time to time and details of which in relation to each Series will be set forth in the relevant Pricing Supplement). The Issuer or the Dealers may reject any offer as a whole or, subject to the terms of such offer, in part. Dealers may also purchase Notes on their own behalf. An issue of Notes may also be jointly and severally underwritten by two or more Dealers. See "Plan of Distribution".

Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be listed on the Luxembourg Stock Exchange during the period of 12 months after the date hereof.

Each Tranche of Notes in bearer form will, unless otherwise provided on the Pricing Supplement, initially be represented by a temporary global Note which will be deposited on the issue date with a common depositary on behalf of Euroclear Bank S.A./N.V., as operator of the Euroclear System (the "Euroclear Operator") and/or Clearstream Banking, société anonyme, Luxembourg ("Clearstream, Luxembourg") and/or any other relevant clearing system. Interests in temporary global Notes will be exchangeable for interests in permanent global Notes (together with any temporary global Note, the "Global Notes") or, if so provided in the relevant temporary Global Note, for definitive Notes in bearer or registered form after the date falling 40 days after the completion of distribution of the relevant Tranche upon certification as to non-U.S. beneficial ownership in the manner and upon compliance with the procedures described under "Summary of Provisions relating to Global Notes". Interests in a permanent Global Note will be exchangeable for definitive Notes in bearer form or registered form, in each case as described in "Summary of Provisions relating to Global Notes".

**\*In the case of Perpetual Notes Guaranteed on a Subordinated Basis only, payments of principal and Interest are conditional upon the Guarantor being solvent at the time of payment and in the event of the winding-up of the Issuer, the Guarantor shall become the principal debtor and the Noteholders shall cease to have any rights or claims against the Issuer, as more fully described under "Terms and Conditions of the Notes — Status and Guarantee" and "Terms and Conditions of the Notes — Events of Default".**

*Co-Arrangers for the Programme*

**Fortis Bank nv-sa**

*Dealers*

**Goldman Sachs International**

**Barclays Capital  
Deutsche Bank  
Goldman Sachs International  
Merrill Lynch International  
Morgan Stanley  
Schroder Salomon Smith Barney**

**UBS Warburg**

**BNP PARIBAS  
Fortis Bank nv-sa  
JPMorgan  
Mizuho International plc  
Nomura International  
SG Investment Banking**

This Offering Circular has been prepared for the purpose of giving information with regard to the Issuer, the Guarantor, their respective subsidiaries (if any) and the Notes. Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of each of the Issuer and the Guarantor (which have taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Issuer and the Guarantor have confirmed to the Dealers that this Offering Circular (subject to being supplemented by the Pricing Supplements) contains all such information as investors and their professional advisers would reasonably require, and reasonably expect to find, for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and, where applicable, the Guarantor and of the rights attaching to the relevant Notes.

This Offering Circular should be read and construed with any amendment or supplement hereto and with any Pricing Supplement.

Neither the Issuer nor the Guarantor have authorised the making or provision of any representation or information regarding the Issuer, the Guarantor or the Notes other than as contained or incorporated by reference in this Offering Circular or any Pricing Supplement or as approved for such purpose by the Issuer or the Guarantor. Any such representation or information should not be relied upon as having been authorised by the Issuer, the Guarantor or any Dealer.

Neither the delivery of this Offering Circular or any Pricing Supplement nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that there has been no adverse change in the financial situation of the Issuer or the Guarantor since the date hereof or the date upon which this document has been most recently amended or supplemented.

The distribution of this Offering Circular and the offering or sale of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor and the Dealers to inform themselves about and to observe any such restrictions. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Offering Circular see "Plan of Distribution".

Neither the Issuer nor the Guarantor has authorised any offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995, as amended (the "Regulations") of Notes having a maturity of one year or more. Such Notes may not lawfully be offered or sold to persons in the United Kingdom except in circumstances which do not result in an offer to the public in the United Kingdom within the meaning of the Regulations or otherwise in compliance with all applicable provisions of the Regulations.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor or the Dealers to subscribe for or purchase, any Notes.

The Dealers have not separately verified the information contained in this Offering Circular. None of the Dealers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Circular. Neither this Offering Circular nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Guarantor or any of the Dealers that any recipient of this Offering Circular or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers undertakes to review the financial condition or affairs of the Issuer or the Guarantor during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers.

The Stabilising Agent, named in the relevant Pricing Supplement, shall comply with all relevant laws, regulations and directives. References in the next paragraph to "this issue" are to each Series in relation to which a Stabilising Agent is appointed.

**In connection with this issue, the Stabilising Agent (or any person acting for the Stabilising Agent) may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period. However, there may be no**

**obligation on the Stabilising Agent (or any agent of the Stabilising Agent) to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. Such stabilising shall be in compliance with all applicable laws, regulations and rules.**

In this Offering Circular, references to “LUF” are to Luxembourg Francs, references to “EUR” or “euro” are to the currency introduced at the start of the Third Stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended, references to “£” are to Sterling, references to “dollars”, “U.S. dollars”, “U.S.\$” and “\$” are to United States dollars and references to “billions” are to thousand millions.

## **DOCUMENTS INCORPORATED BY REFERENCE**

The audited financial statements as contained in the most recently published annual report of the Issuer and the Guarantor from time to time shall be deemed to be incorporated in, and to form part of, this Offering Circular provided, however that any statement contained herein or in the most recently published audited financial statements of the Issuer or the Guarantor shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in any subsequent audited financial statements modifies or supersedes such statement.

This Offering Circular, together with each Pricing Supplement issued in respect of each Tranche of Notes, may only be used in connection with the offer, sale and listing of Notes in an aggregate principal amount of not more than U.S.\$3,000,000,000 (or its equivalent in other currencies) outstanding at any time.

The Issuer and the Guarantor have undertaken, that if at any time any event occurs as a result of which this Offering Circular would include a statement of fact concerning the Issuer, the Guarantor or the Programme which is not true and accurate in all material respects or omits any fact concerning the Issuer, the Guarantor or the Programme which is material in the context of the Programme or the omission of which would make misleading in any material respect any statement therein whether of fact or opinion, the Issuer and the Guarantor will prepare and make available an appropriate supplement to this Offering Circular or a further Offering Circular for use in connection with any subsequent issue of Notes to be listed on the Luxembourg Stock Exchange.

Copies of this Offering Circular (and all documents forming part thereof) will be available free of charge from the principal office of the Paying Agent or the Listing Agent in Luxembourg.

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## SUMMARY OF THE TERMS AND CONDITIONS OF THE NOTES

*The following summary is qualified in its entirety by the remainder of this Offering Circular. The Notes may be issued on such terms as may be agreed between the relevant Dealer(s) and the Issuer and, unless otherwise specified in the applicable Pricing Supplement in relation to any particular Tranche or Series, will be subject to the Terms and Conditions set out on pages 8 to 27. Each Series of Notes will be subject to compliance with all relevant laws, regulations and directives and subject to obtaining any appropriate official or other consents.*

<b>Issuer:</b>	FORTIS LUXEMBOURG FINANCE S.A.
<b>Guarantor:</b>	Fortis Bank nv-sa.
<b>Description:</b>	Euro Medium Term Note Programme.
<b>Guarantee:</b>	Each of the Notes has the benefit of a guarantee (the "Guarantee") from the Guarantor.
<b>Co-Arrangers:</b>	Fortis Bank nv-sa and Goldman Sachs International.
<b>Dealers:</b>	Barclays Bank PLC, BNP PARIBAS, Deutsche Bank AG London, Fortis Bank nv-sa, Goldman Sachs International, J.P. Morgan Securities Ltd., Merrill Lynch International, Mizuho International plc, Morgan Stanley & Co. International Limited, Nomura International plc, Salomon Brothers International Limited, Société Générale, UBS AG, acting through its business group UBS Warburg and such other Dealers as may be appointed under the Programme.
<b>Fiscal Agent and Principal Paying Agent:</b>	Banque Générale du Luxembourg S.A.
<b>Alternative Principal Paying Agent:</b>	Fortis Bank nv-sa
<b>Paying Agents:</b>	Fortis Bank nv-sa and Citibank, N.A.
<b>Luxembourg Listing Agent:</b>	Banque Générale du Luxembourg S.A.
<b>Terms and Conditions:</b>	A Pricing Supplement will be prepared in respect of each Tranche of Notes a copy of which will, in the case of Notes to be listed on the Luxembourg Stock Exchange be delivered to the Luxembourg Stock Exchange on or before the date of issue (the closing date) of such Notes. The terms and conditions applicable to each Tranche will be those set out herein under "Terms and Conditions of the Notes" as supplemented, modified or replaced by the relevant Pricing Supplement.
<b>Size:</b>	Up to U.S.\$3,000,000,000 (or its equivalent in other currencies at the date of issue) in aggregate principal amount of Notes outstanding at any one time.
<b>Currencies:</b>	Notes may be issued in U.S. dollars, Canadian dollars, Australian dollars, New Zealand dollars, Sterling, Euro, Japanese yen, Swedish kronor or Danish kroner or, in any other currencies if the Issuer and the Dealers so agree, subject in each case to all necessary consents being obtained and, subject to compliance with all relevant laws, regulations and directives.

<b>Maturities:</b>	<p>Any maturity or no fixed maturity date, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.</p> <p>If the Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the "FSMA") by the Issuer.</p>
<b>Issue Price:</b>	<p>Notes may be issued at par or at a discount or premium to par or with a zero coupon. Partly-paid Notes may be issued, the issue price of which will be payable in two or more instalments.</p>
<b>Method of Issue:</b>	<p>The Notes will be issued in one or more Series (which may be issued on the same date or which may be issued in more than one Tranche on different dates). The Notes with respect to each Series will either mature on the same date or have no fixed maturity date, bear interest (if any) on the same basis and otherwise be subject to identical terms and may be issued in Tranches on a continuous basis with, save as mentioned below, no minimum issue size. Further Notes may be issued as part of an existing Series.</p>
<b>Fixed Interest Rate Notes:</b>	<p>Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Pricing Supplement and at maturity (if any).</p>
<b>Floating Rate Notes:</b>	<p>Floating Rate Notes will bear interest set separately for each Series by reference to LIBOR, LIBID, LIMEAN or EURIBOR (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin. Interest periods will be specified in the relevant Pricing Supplement.</p>
<b>Zero Coupon Notes:</b>	<p>Zero Coupon Notes may be issued at their principal amount or at a discount to par and will not bear interest.</p>
<b>Variable Coupon Amount Notes:</b>	<p>The Pricing Supplement issued in respect of each issue of Variable Coupon Amount Notes will specify the basis for calculating the amounts of interest payable, which may be by reference to an index or formula or as otherwise provided in the relevant Pricing Supplement.</p>
<b>Fixed Redemption Amount Notes:</b>	<p>Fixed Redemption Amount Notes may be redeemable at par, at a premium to par or at a discount to par by specifying the redemption amount in the relevant Pricing Supplement.</p>

<b>Variable Redemption Notes:</b>	The Pricing Supplement in respect of each issue of Variable Redemption Amount Notes should specify the basis for calculating the redemption amounts payable, which may be calculated by reference to an index or formula or as otherwise provided in the relevant Pricing Supplement.
<b>Other Notes:</b>	Further terms applicable to Indexed Notes, High Interest Notes, Low Interest Notes, Step-up Notes, Step-down Notes, Dual Currency Notes, Reverse Dual Currency Notes, Optional Dual Currency Notes, Partly paid Notes, Credit-linked Notes and any other type of Note which the Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Pricing Supplement.
<b>Form of Notes:</b>	Notes may be in bearer or in registered form. Each Tranche of bearer Notes will initially be represented by a temporary Global Note held by a common depositary on behalf of the Euroclear Operator and/or Clearstream, Luxembourg and/or any other relevant clearing system and interests therein will be credited to the accounts of the relevant purchasers with the Euroclear Operator and/or Clearstream, Luxembourg and/or any other relevant clearing system. Interests in each temporary Global Note will be exchanged for interests in a permanent Global Note not earlier than 40 days after the issue date upon certification as to non-U.S. beneficial ownership. Interests in each permanent Global Note may be exchanged for definitive Notes in bearer form or registered form on 60 days' prior notice. See "Summary of Provisions relating to Global Notes".
<b>Denominations:</b>	Notes will be issued in any denominations agreed between the Issuer and the relevant Dealer(s), subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
<b>Optional Redemption:</b>	The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed at the option of the Issuer or the Guarantor (either in whole or in part) and/or the holders, and if so, the terms applicable to such redemption.
<b>Early Redemption:</b>	Except as provided in "Optional Redemption" above, Notes will be redeemable at the option of the Issuer only for tax reasons.
<b>Redemption by Instalments:</b>	The Pricing Supplement issued in respect of each issue of Notes which are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.
<b>Redenomination:</b>	As set out in relevant Pricing Supplement.
<b>Listing:</b>	Notes may be listed on the Luxembourg Stock Exchange and/or any other listing authority, stock exchange and/or quotation system specified in the relevant Pricing Supplement. Notes may also be unlisted.
<b>Status of Notes and the Guarantee:</b>	The Notes will be direct, unconditional, unsubordinated and unsecured obligations of the Issuer. The Notes will not be

subordinated obligations of the Issuer. The Guarantees will either be direct, unconditional, unsubordinated and unsecured obligations of the Guarantor or subordinated obligations of the Guarantor.

**Cross Default:**

The Unsubordinated Notes will contain a cross default in respect of indebtedness for borrowed money of the Issuer and the Guarantor as more fully set out in “Terms and Conditions of the Notes – 10. Events of Default”.

**Negative Pledge:**

A negative pledge will be contained in the Notes in respect of any Unsubordinated Note or Coupon which remains outstanding as more fully set out in “Terms and Conditions of the Notes – 4. Negative Pledge”.

**Withholding Tax:**

All payments of principal and interest in respect of the Notes and the Guarantees by the Issuer or the Guarantor will be made without deduction for or on account of withholding taxes (if any), imposed in Luxembourg (in the case of the Issuer) or the Kingdom of Belgium (in the case of the Guarantor) subject to customary exceptions as specified in the Terms and Conditions.

**Governing Law:**

The Notes and the Guarantees given by the Guarantor on an unsubordinated basis will be governed by and construed in accordance with English law. The Guarantees given by the Guarantor on a subordinated basis will be governed by Belgian law.

**Selling Restrictions:**

For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the United Kingdom, Japan, the Federal Republic of Germany, the Republic of France, The Netherlands, Belgium and Luxembourg see under “Plan of Distribution”.



## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement in relation to any particular Tranche or Series, will be endorsed on the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series, details of the relevant Series being shown on the relevant Notes and in the relevant Pricing Supplement:—*

Notes will be issued in series (each a “Series”) having one or more issue dates and the same maturity date (if any), bearing interest (if any) on the same basis and at the same rate and on terms otherwise identical. The length of interest periods, and the rate of interest in respect thereof, may differ from the length, and the rate of interest in respect of subsequent or, as the case may be, preceding interest periods. Each Series may be issued in tranches (each a “Tranche”) on different issue dates. The specific terms of each Series will be set forth in a pricing supplement (a “Pricing Supplement”) to the Offering Circular dated 16 December 2002.

The Notes are issued pursuant to an Amended and Restated Agency Agreement dated 16 December 2002 (as amended or supplemented from time to time, the “Agency Agreement”) between Fortis Luxembourg Finance S.A. (the “Issuer”) Fortis Bank nv-sa, Banque Générale du Luxembourg, S.A. as fiscal agent (the “Fiscal Agent”), registrar (the “Registrar”), principal paying agent (the “Principal Paying Agent”), transfer agent (the “Transfer Agent”) and calculation agent (the “Calculation Agent”), Fortis Bank nv-sa as alternative principal paying agent (the “Alternative Principal Paying Agent”) and Citibank, N.A. as paying agent (together with the Principal Paying Agent and any additional or other paying agents in respect of the Notes from time to time appointed, the “Paying Agents”) and as transfer agent (together with the Transfer Agent referred to above and any additional or other transfer agents in respect of the Notes from time to time appointed, the “Transfer Agents”). For the purposes of these Conditions, “Principal Paying Agent” means, in relation to any series of Notes, the Fiscal Agent or the Principal Paying Agent specified above or the Alternative Principal Paying Agent, as specified on this Note. The initial Calculation Agent (if any) is specified on this Note. The Noteholders (as defined below), the holders of the coupons (the “Coupons”) appertaining to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “Talons”) (the “Couponholders”) and the holders of the instalment receipts (the “Receipts”) appertaining to the payment of principal by instalments (the “Receiptholders”) are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

Copies of the Agency Agreement are available for inspection at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

### **1. Form, Denomination and Title**

The Notes are issued in bearer form (“Bearer Notes”, which expression includes Notes which are specified to be Exchangeable Bearer Notes) in the denomination of the Denomination(s), in registered form (“Registered Notes”) in amounts of the Denomination or an integral multiple thereof (“Authorised Denominations”) or in bearer form exchangeable for Registered Notes (“Exchangeable Bearer Notes”) and, in each case, serially numbered.

Bearer Notes are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Notes which do not bear interest in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Any Bearer Note the principal amount of which is redeemable in instalments is issued with one or more Receipts attached.

Title to the Bearer Notes and the Receipts, Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Notes shall pass by registration in the Register which the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement; all changes in the inscriptions in the Register being notified and made available to the Issuer. Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Receipt, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note, Receipt, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone.

In these Conditions, “Noteholder” means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), “holder” (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them on this Note, the absence of any such meaning indicating that such term is not applicable to this Note.

No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

## **2. Exchanges of Bearer Notes and Transfers of Registered Notes**

### *(a) Exchange of Bearer Notes*

Subject as provided in Condition 2(e), Exchangeable Bearer Notes may be exchanged for the same aggregate principal amount of Registered Notes of an Authorised Denomination at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Receipts, Coupons and Talons relating to it, at the specified office of the Registrar or any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 7(b)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Denomination may not be exchanged for Bearer Notes of another Denomination. Bearer Notes which are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

### *(b) Transfer of Registered Notes*

A Registered Note may be transferred in whole or in part in an Authorised Denomination upon the surrender of the Registered Note to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar or any Transfer Agent. In the case of a transfer of part only of a Registered Note a new Registered Note in respect of the balance not transferred will be issued to the transferor.

### *(c) Delivery of new Registered Notes*

Each new Registered Note to be issued upon exchange of Exchangeable Bearer Notes or transfer of Registered Notes will, within three business days (being a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Transfer Agent or the Registrar to whom such request for exchange or transfer shall have been delivered) of receipt of such request for exchange or form of transfer, be available for delivery at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom such delivery shall have been made or, at the option of the holder making such delivery as aforesaid and as specified in the relevant request for exchange or form of transfer, be mailed at the risk of the holder entitled to the new Registered Note to such address as may be specified in such request for exchange or form of transfer.

### *(d) Exchange free of charge*

Exchange of Notes on registration or transfer will be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require) in respect of any tax or other governmental charges which may be imposed in relation to it.

### *(e) Closed periods*

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for a Registered Note (i) during the period of 15 days ending on the due date for any payment of principal on that Note, (ii) during the period of 15 days prior to any date on which Notes may be redeemed by the Issuer at its option pursuant to Condition 6(e) or (iii) after any such Note has been drawn for redemption in whole or in part. An Exchangeable Bearer Note called for redemption may, however, be exchanged for a Registered Note which is simultaneously surrendered not later than the relevant Record Date.

### 3. Status and Guarantee

(a) *Status of Notes*

The Notes constitute direct, unsubordinated, unsecured, unconditional and general obligations of the Issuer and rank *pari passu* without any preference among themselves and at least equally with all other present and future unsecured and unsubordinated indebtedness, including guarantees and other obligations of a similar nature, of the Issuer.

(b) *Senior Guarantee*

This Condition 3(b) is applicable in relation to Notes being guaranteed on an unsubordinated basis (“Senior”).

The Guarantor has, by the guarantees endorsed on the Notes (the “Guarantees”), unconditionally and irrevocably guaranteed the due and punctual payment of all amounts due from the Issuer under the Notes and the Receipts and Coupons relating to them (including any additional amounts payable under Condition 8 below), when and as the same shall become due and payable, whether by declaration or acceleration or otherwise.

The Guarantees constitute direct, unconditional, irrevocable, unsubordinated and (subject to the provisions of Condition 4 below) unsecured obligations of the Guarantor and rank *pari passu* (subject to mandatorily preferred debts under applicable laws) equally and rateably with all other present and future outstanding unsecured and unsubordinated obligations of the Guarantor.

(c) *Senior Subordinated Guarantee*

This Condition 3(c) is applicable in relation to Notes to which both the following conditions apply, namely (i) the Notes have a Maturity Date and (ii) the Notes are being guaranteed on a subordinated basis (“Dated Notes Guaranteed on a Subordinated Basis” or “Senior Subordinated”).

The Guarantor has, by the guarantees endorsed on the Notes (the “Guarantees”), unconditionally and irrevocably guaranteed, on a subordinated basis, the due and punctual payment of all amounts due from the Issuer under the Notes and the Receipts and Coupons relating to them (including any additional amounts payable under Condition 8 below) when and as the same shall become due and payable, whether by declaration or acceleration or otherwise.

As more fully described in the Guarantees, the obligations of the Guarantor in respect of the Guarantees constitute senior subordinated obligations of the Guarantor. Accordingly, in the events specified in the Guarantees, the liabilities of the Guarantor under or pursuant to the Guarantees shall not be required to be satisfied until satisfaction of all indebtedness of the Guarantor to the depositors and Senior Creditors or the amount necessary for that purpose shall have been deposited in consignment. As more fully described in the Guarantees, “Senior Creditors” means all present and future unsubordinated creditors of the Guarantor.

(d) *Junior Subordinated Guarantee*

This Condition 3(d) is applicable in relation to Notes to which both the following conditions apply, namely (i) the Notes do not have a Maturity Date and (ii) the Notes are guaranteed on a subordinated basis (“Perpetual Notes Guaranteed on a Subordinated Basis” or “Junior Subordinated”).

The Guarantor has, by guarantees endorsed on the Notes (the “Guarantees”), as primary obligor guaranteed, on a subordinated basis, the due and punctual payment of all amounts payable by the Issuer on or in respect of the Notes and the Receipts and Coupons relating to them (including any additional amounts payable under Condition 8 below) when and as the same shall become due and payable, whether by declaration or acceleration or otherwise.

The Guarantees constitute direct, unsecured and junior subordinated obligations of the Guarantor, conditional as described below, and rank (i) *pari passu* without any preference among the other Guarantees of the Notes, (ii) junior to all present and future unsecured obligations of the Guarantor which are or are expressed to be subordinated to the unsecured, unsubordinated obligations of the Guarantor but not further or otherwise (“Senior Subordinated Obligations”), (iii) at least equally and rateably with all other present and future obligations of the Guarantor which rank or are expressed to rank junior to the Senior Subordinated Obligations and (iv) in priority to the rights and claims of holders

of all classes of equity (including holders of preference shares (if any)) issued by the Guarantor, subject to mandatory provisions of Belgian law.

Claims in respect of the Guarantees are subordinated to the claims of Senior and Subordinated Creditors (as defined below), including holders of Dated Notes Guaranteed on a Subordinated Basis, and payments of principal and interest by the Issuer in respect of Perpetual Notes Guaranteed on a Subordinated Basis will be conditional upon the Guarantor being solvent at the time of payment by the Issuer and no principal or interest shall be due and payable in respect of Perpetual Notes Guaranteed on a Subordinated Basis except to the extent that (assuming a payment was then due by the Guarantor) the Guarantor could make such payment in whole or in part, rateably with payments in respect of Other *Pari Passu* Claims (as defined below), and still be solvent immediately thereafter. For the purposes of these Conditions the Guarantor shall be solvent if (i) it is able to pay its debts as they fall due and (ii) its Assets exceed its Liabilities (in each case as defined below) (other than its Liabilities to persons who are not Senior and Subordinated Creditors). A report as to the solvency of the Guarantor by two directors of the Guarantor or (if the Guarantor is in winding-up, liquidation or bankruptcy) the liquidator of the Guarantor, shall in the absence of proven error be treated and accepted by the Issuer, the Guarantor, the Noteholders, and the Couponholders and the Receiptholders (if any) as correct and sufficient evidence thereof.

For the purposes of these Conditions, "Senior and Subordinated Creditors" means, in relation to the Guarantor, all creditors of the Guarantor (including any holders of Dated Notes Guaranteed on a Subordinated Basis) other than creditors whose claims are in respect of: (i) any class of equity (including preference shares), subject to mandatory provisions of Belgian law, or (ii) unsecured, subordinated obligations which are or are expressed to be subordinated to the Senior Subordinated Obligations of the Guarantor or (iii) any other obligations which rank or are expressed to rank either *pari passu* with or junior to the claims of the holders of Perpetual Notes Guaranteed on a Subordinated Basis and Coupons and Receipts (if any) appertaining thereto under the Guarantees; "Assets" means the total assets of the Guarantor and "Liabilities" means the total liabilities of the Guarantor, each as shown by the latest published audited balance sheet of the Guarantor but adjusted for contingencies and for subsequent events, all valued in such manner as such directors or liquidator (as the case may be) may determine; and "Other *Pari Passu* Claims" means claims of creditors of the Guarantor which are subordinated so as to rank or are expressed to rank *pari passu* with the claims of the holders of Perpetual Notes Guaranteed on a Subordinated Basis and Coupons and Receipts (if any) appertaining thereto under the Guarantees.

If the Guarantor would not otherwise be solvent for the purposes of these Conditions, the amount of the principal and sums which would otherwise be payable as interest on Perpetual Notes Guaranteed on a Subordinated Basis will be available to meet the losses of the Guarantor.

#### **4. Negative Pledge**

This Condition 4 is not applicable to Dated Notes Guaranteed on a Subordinated Basis or Perpetual Notes Guaranteed on a Subordinated Basis.

So long as any of the Notes, Receipts or Coupons remains outstanding (as defined in the Agency Agreement), neither the Issuer nor the Guarantor will create or permit to exist any mortgage, lien (other than liens arising by operation of law), pledge, charge or other security interest upon the whole or any part of its present or future assets or revenues (i) in the case of the Issuer, to secure any loan debt, guarantee or other obligation or (ii) in the case of the Guarantor, to secure any indebtedness represented by, or in the form of, bonds, notes, debentures or other securities or any guarantee or indemnity from the Guarantor in respect of such indebtedness of others, in each case unless the Notes, Receipts and Coupons share in and are equally and rateably secured by such mortgage, lien, pledge, charge or other security interest, and the instrument creating such mortgage, lien, pledge, charge or other security interest expressly so provides.

#### **5. Interest**

(a) *Interest Rate on Fixed Rate Notes and Accrual*

Each Note bears interest on its outstanding principal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Interest Rate payable (subject, in the case of Perpetual Notes Guaranteed on a Subordinated Basis, to Condition 3(d)) in arrear on each

Interest Payment Date provided (in the case of Perpetual Notes Guaranteed on a Subordinated Basis) that such date is a Compulsory Interest Payment Date in which case interest shall be payable in respect of the interest accrued in the Interest Period ending on the day immediately preceding such date.

In the case of Perpetual Notes Guaranteed on a Subordinated Basis, on any Optional Interest Payment Date there may be paid (if the Issuer so elects but subject to Condition 3(d)) the interest accrued in the Interest Period ending on the day immediately preceding such date but the Issuer shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer or the Guarantor for any purpose. Any interest not paid in respect of Perpetual Notes Guaranteed on a Subordinated Basis on an Optional Interest Payment Date shall, so long as the same remains unpaid, constitute "Arrears of Interest" which term shall include interest on such unpaid interest as referred to below. Arrears of Interest may at the option of the Issuer be paid in whole or in part at any time upon the expiration of not less than seven days notice to such effect given to the Noteholders in accordance with Condition 14, but all Arrears of Interest on all Notes outstanding shall (subject to Condition 3(d)) become due in full on whichever is the earliest of (i) the Interest Payment Date immediately following the date upon which a dividend is next declared or paid on any class of share capital of the Guarantor, (ii) the date set for any redemption pursuant to Condition 6(b) or (e) and (iii) the date that an order is made or an effective resolution is passed for the winding-up, liquidation or bankruptcy of the Guarantor or the commencement of judicial composition proceedings (*concordat judiciaire*) in respect of the Guarantor. If notice is given by the Issuer of its intention to pay the whole or part of Arrears of Interest, the Issuer shall be obliged (subject to Condition 3(d)) to do so upon the expiration of such notice. Where Arrears of Interest are paid in part, each such payment shall be applied in or towards satisfaction of the full amount of the Arrears of Interest accrued in respect of the earliest Interest Period in respect of which Arrears of Interest have accrued and have not been paid in full. Arrears of Interest shall bear interest at the rate applicable to the Notes.

Interest will cease to accrue on each Note on the due date for redemption unless, upon due presentation payment of principal is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the Interest Rate in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

(b) *Business Day Convention*

If any date which is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day which is not a Relevant Business Day, then, if the Business Day Convention specified is (i) the Floating Rate Convention, such date shall be postponed to the next day which is a Relevant Business Day unless it would thereby fall into the next calendar month, in which event (A) such date shall be brought forward to the immediately preceding Relevant Business Day and (B) each subsequent such date shall be the last Relevant Business Day of the month in which such date would have fallen had it not been subject to adjustment, (ii) the Following Business Day Convention, such date shall be postponed to the next day which is a Relevant Business Day, (iii) the Modified Following Business Day Convention, such date shall be postponed to the next day which is a Relevant Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Relevant Business Day or (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Relevant Business Day.

(c) *Interest Rate on Floating Rate Notes*

If the Interest Rate is specified as being Floating Rate, it will be determined by the Calculation Agent on the basis of the following provisions:—

- (i) At or about the Relevant Time on the Interest Determination Date in respect of each Interest Accrual Period, the Calculation Agent will:—
  - (A) in the case of Notes which specify that the Primary Source for Interest Rate Quotations shall be derived from a specified page, section or other part of a particular information service (each as specified on such Notes), determine the Interest Rate for each Interest Accrual Period which shall, subject as provided below, be (x) the Relevant Rate so appearing in or on that page, section or other part of such information service as

aforesaid (where such Relevant Rate is a composite quotation or interest rate per annum or is customarily supplied by one entity) or (y) the arithmetic mean (rounded, if necessary, to the next higher one-hundred thousandth of a percentage point) of the Relevant Rates of the persons at the time whose Relevant Rates so appear in or on that page, section or other part of such information service as aforesaid, in any such case in respect of euro-currency deposits in the relevant currency for a period equal to the Specified Duration and as adjusted by the Spread or Spread Multiplier (if any) or by the Maximum or Minimum Interest Rate; and

- (B) in the case of Notes which specify that the Primary Source for Interest Rate Quotations shall be the Reference Banks specified on such Notes and in the case of Notes falling within paragraph (i)(A) above but in respect of which no Relevant Rate appears at or about such Relevant Time or, as the case may be, which are to be determined by reference to quotations of persons appearing in or on the relevant page, section or other part of such information service as aforesaid but in respect of which less than two Relevant Rates appear at or about such Relevant Time, request the principal offices in the Relevant Financial Centre (or, in the case of Notes denominated in euro, the principal offices in the euro-zone selected by the Calculation Agent) of each of the Reference Banks specified on such Notes (or, as the case may be, any substitute Reference Bank appointed from time to time pursuant to paragraph (g) below) to provide the Calculation Agent with its Relevant Rate quoted to leading banks for euro-currency deposits in the relevant currency for a period equivalent to the Specified Duration. Where this paragraph (i)(B) shall apply, the Interest Rate for the relevant Interest Accrual Period shall, subject as provided below, be the arithmetic mean (rounded, if necessary, to the next higher one-hundred thousandth of a percentage point) of such Relevant Rates as adjusted by the Spread or Spread Multiplier (if any) or by the Maximum or Minimum Interest Rate, as calculated by the Calculation Agent.
- (ii) If, at or about the Relevant Time on any Interest Determination Date where the Interest Rate falls to be determined pursuant to paragraph (i)(B) in respect of a Note, two or three only of such Reference Banks provide such relevant quotations, the Interest Rate for the relevant Interest Accrual Period shall, subject as provided below, be determined as aforesaid on the basis of the Relevant Rates quoted by such Reference Banks.
- (iii) If, at or about the Relevant Time on any Interest Determination Date where the Interest Rate falls to be determined pursuant to paragraph (i)(B), only one or none of such Reference Banks provide such Relevant Rates, the Interest Rate for the relevant Interest Accrual period shall be, subject as provided below, whichever is the higher of:—
  - (A) the Interest Rate in effect for the last preceding Interest Accrual Period to which paragraphs (i)(A) or (B) or (ii) above shall have applied (after readjustment for any difference between any Spread or Spread Multiplier applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period); and
  - (B) the rate per annum (expressed as a percentage) which the Calculation Agent determines to be the arithmetic mean (rounded, if necessary, to the next higher one-hundred thousandth of a percentage point) of the Relevant Rates in respect of the relevant currency which banks in the principal financial centre of the country of such currency (or, in the case of Notes denominated in euro, in such financial centre or centres in the euro-zone selected by the Calculation Agent) selected by the Calculation Agent (after consultation with the Issuer and the Guarantor) are quoting at or about the Relevant Time on the relevant Interest Determination Date for a period equivalent to the Specified Duration to leading banks carrying on business in that principal financial centre (or, in the case of Notes denominated in euro, in such financial centre or centres in the euro-zone selected by the Calculation Agent), as adjusted by the Spread or Spread Multiplier (if any) except that, if the banks so selected by the Calculation Agent are not quoting as aforesaid, the Interest Rate shall be the Interest Rate specified in paragraph (iii)(A) above.

(d) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Interest Rate is to be determined, the Interest Rate for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this sub-paragraph (d), “ISDA Rate” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Fiscal Agent under an interest rate swap transaction if the Fiscal Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2000 ISDA Definitions as amended and updated as at the issue date of the first Tranche of the Notes, published by the International Swaps and Derivatives Association, Inc. (the “ISDA Definitions”) and under which:

- (1) the Floating Rate Option is as specified in the applicable Pricing Supplement;
- (2) the Designated Maturity is a period specified in the applicable Pricing Supplement; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (“LIBOR”) for a currency, the first day of that Interest Period, (ii) if the applicable Floating Rate Option is based on the euro-zone inter-bank offered rate (“EURIBOR”), the first day of that Interest Period or (iii) in any other case, as specified in the applicable Pricing Supplement.

For the purposes of this sub-paragraph (d), “Floating Rate”, “Calculation Agent”, “Floating Rate Option”, “Designated Maturity” and “Reset Date” have the meanings given to those terms in the ISDA Definitions.

(e) *Minimum/Maximum Interest Rates, Spreads and Spread Multipliers*

If any figure is expressed to be as adjusted by a Spread or Spread Multiplier, such adjustment shall be made by adding or subtracting any Spread specified on this Note or multiplying by any Spread Multiplier specified on this Note, subject always to the next paragraph.

If a Maximum or Minimum Interest Rate is specified on this Note, then the Interest Rate shall in no event exceed the maximum or be less than the minimum.

(f) *Calculation*

The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Interest Rate and the outstanding principal amount of such Note by the Day Count Fraction and rounding, if necessary, the resultant figure to the nearest minimum unit of the relevant currency (half of such unit being rounded upwards). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period will be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

(g) *Determination and Publication of Interest Rate and Interest Amounts by the Calculation Agent*

If a Calculation Agent is provided for on this Note, it will, as soon as practicable after the Relevant Time on each Interest Determination Date, determine the Interest Rate and calculate the amount of interest payable (the “Interest Amounts”) in respect of each Denomination of the Notes (in the case of Bearer Notes) and the minimum Denomination (in the case of Registered Notes) for the relevant Interest Accrual Period and cause the Interest Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Principal Paying Agent, the Issuer, the Guarantor, the Registrar, each of the Paying Agents, any listing authority, stock exchange or quotation system on which the Notes are listed and/or traded and the Noteholders as soon as possible after their determination but in no event later than the fourth Relevant Business Day thereafter. The Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Interest Rate payable in respect of the Notes shall nevertheless continue to be calculated as previously by the Calculation Agent in accordance with this Condition but no publication of the Interest Rate or the Interest Amount so calculated need be made. The determination of the Interest Rate and the Interest Amounts by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(h) *Calculation Agent and Reference Banks*

The Issuer will procure that there shall at all times be four Reference Banks with offices in the Relevant Financial Centre (or, in the case of Notes denominated in euro, in the financial centre or centres selected by the Issuer) and a Calculation Agent if provision is made for them in the Conditions applicable to this Note and for so long as it is outstanding. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Calculation Agent will appoint another Reference Bank with an office in the Relevant Financial Centre (or, in the case of Notes denominated in euro, in the financial centre or centres in the euro-zone) to act as such in its place. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Interest Rate for any Interest Period or to calculate the Interest Amounts, the Issuer will appoint the London office of a leading bank engaged in the London interbank market to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(i) *Definitions*

As used in these Conditions:—

“Compulsory Interest Payment Date” means any Interest Payment Date if, in the calendar year immediately preceding such Interest Payment Date, any dividend has been declared or paid on any class of share capital of the Guarantor and if the Guarantor is solvent.

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Note for any period of time (the “Calculation Period”, whether or not constituting an Interest Period):—

- (i) if “Actual/365” or “Actual/Actual (ISDA)” is specified on the face of the Note, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365, or means such other basis as may be specified on the face of the Notes as being “Actual/Actual”);
- (ii) if “Actual/365 (Fixed)” is specified on the face of the Note, the actual number of days in the Calculation Period divided by 365;
- (iii) if “Actual/360” is specified on the face of the Note, the actual number of days in the Calculation Period divided by 360;
- (iv) if “30/360, “360/360” or “Bond Basis” is specified on the face of the Note, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month));
- (v) if “30E/360” or “Eurobond Basis” is specified on the face of the Note, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period); and
- (vi) if “Actual/Actual (ISMA)” is specified in the applicable Pricing Supplement, means:—
  - (a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (b) where the Calculation Period is longer than one Regular Period, the sum of:
    - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and



- (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;

“euro” means the single currency of the participating member states of the European Union, as contemplated by the Treaty on European Union.

“euro-zone” means the region comprising the member states of the European Union which adopt or have adopted the euro as their lawful currency in accordance with the Treaty establishing the European Communities, as amended.

“Interest Accrual Period” means the period beginning on the Interest Commencement Date and ending on the first Interest Period Date and each successive period beginning on an Interest Period Date and ending on the next succeeding Interest Period Date.

“Interest Commencement Date” means the date of issue of this Note (the “Issue Date”) or such other date as may be specified on it.

“Interest Determination Date” means, in respect of any Interest Accrual Period, that number of Relevant Business Days prior to the first day of such Interest Accrual Period or to the relevant Interest Payment Date as is set out on this Note.

“Interest Period” means the period beginning on the Interest Commencement Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date.

“Interest Period Date” means each Interest Payment Date unless otherwise specified on this Note.

“Interest Rate” means the rate of interest payable from time to time in respect of this Note and which is either specified, or calculated in accordance with the provisions, on this Note.

“Optional Interest Payment Date” means any Interest Payment Date other than a Compulsory Interest Payment Date.

“Regular Period” means:—

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “Regular Date” means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “Regular Date” means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

“Relevant Business Day” means:—

- (A) in the case of a specified currency other than euro or one or more specified financial centres, a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the principal financial centre for that currency and/or each of the financial centres so specified; and/or
- (B) in the case of euro, a day on which the TARGET System is operating.

“Relevant Financial Centre” means London or such other or additional financial centre or centres as may be specified on this Note.

“Relevant Rate” means:—

- (A) an offered rate in the case of a Note the Benchmark for which relates to an offered rate;
- (B) a bid rate in the case of a Note the Benchmark for which relates to a bid rate; and

- (C) the mean of an offered and bid rate in the case of a Note the Benchmark for which relates to the mean of an offered and bid rate.

“Relevant Time” means the local time in the Relevant Financial Centre specified on this Note or, if none is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the relevant currency in the interbank market in that Relevant Financial Centre.

“Specified Duration” means the Interest Period unless otherwise specified on this Note.

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System.

(j) *Interest Rate on Zero Coupon Notes*

Where a Note the Interest Rate of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Redemption Amount of such Note as determined in accordance with Condition 6(d)(iii). As from the Maturity Date, the Interest Rate for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield shown on such Note.

## **6. Redemption, Purchase and Options**

(a) *Final Redemption*

Unless this Note is a Perpetual Note Guaranteed on a Subordinated Basis or it is previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 6(e) or (f), this Note will be redeemed at its Redemption Amount (which, unless otherwise provided, is its principal amount) on the Maturity Date (the “Final Redemption Amount”) specified on this Note. If this Note is a Perpetual Note Guaranteed on a Subordinated Basis the Issuer shall not be at liberty to redeem the Note except pursuant to Condition 6(b) or (if applicable) Condition 6(e) and references to Maturity Date in these Conditions are not applicable.

(b) *Redemption for taxation reasons*

If, as a result of any amendment to or change in the laws or regulations of Luxembourg or the Kingdom of Belgium or any political subdivision thereof or any authority or agency therein or thereof or in the interpretation or administration of any such laws or regulations which becomes effective on or after the Issue Date, the Issuer (or, if the Guarantees were called, the Guarantor) would, on the occasion of the next payment date in respect of the Notes, be required to pay additional amounts as provided in Condition 8, the Issuer may, at its option, on any Interest Payment Date or, if so specified on this Note, at any time on giving not more than 45 nor less than 30 days' notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 14 redeem all, but not some only, of the Notes at their Redemption Amount together with interest accrued to the date fixed for redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor) would be obliged to pay such additional amounts were a payment in respect of the Notes (or the Guarantees) then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(b), the Issuer shall deliver to the Fiscal Agent a certificate signed by two persons each of whom is a Director of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of the facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred.

(c) *Purchases*

The Issuer, the Guarantor and any of their subsidiaries may at any time purchase Notes (provided that, in the case of Bearer Notes, all unmatured Receipts and Coupons and unexchanged Talons appertaining thereto are attached or surrendered therewith) in the open market or otherwise at any price.

(d) *Early Redemption of Zero Coupon Notes*

- (i) The Redemption Amount payable in respect of any Note the Interest Rate of which is specified to be Zero Coupon upon redemption of such Note pursuant to Condition 6(b) or, if applicable,

Condition 6(e) or (f) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note.

- (ii) Subject to the provisions of sub-paragraph (iii) below, the “Amortised Face Amount” of any such Note shall be the sum of (A) the Reference Price shown on such Note and (B) the aggregate amortisation of the difference between the Reference Price and the principal amount of such Note from its date of issue to the date on which such Note becomes due and payable at a rate per annum (expressed as a percentage) equal to the Amortisation Yield shown on such Note compounded annually. Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown on such Note.
- (iii) If the Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(b) or, if applicable, Condition 6(e) or (f), or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgment), until the Relevant Date unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the principal amount of such Note together with any interest which may accrue in accordance with Condition 5(j).

(e) *Redemption at the Option of the Issuer and Exercise of Issuer's Options*

If so provided on this Note or in any event if this Note does not have a Maturity Date, the Issuer shall, on the Issuer or the Guarantor giving irrevocable notice to the Noteholders falling within the Issuer's Option Period redeem, or exercise any Issuer's option in relation to, all or (in the case only of Notes which have a Maturity Date), if so provided, some of such Notes in the principal amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount together with interest accrued (if any) to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption or a partial exercise of such option the notice to Noteholders shall also contain the serial numbers of the Notes to be redeemed, which shall have been drawn in such place as the Fiscal Agent may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and listing authority, stock exchange or quotation system requirements.

(f) *Redemption at the Option of Noteholders and Exercise of Noteholders' Options*

If so provided on this Note, the Issuer shall, at the option of the holder of any such Note, redeem such Note on the date or dates so provided at its Redemption Amount together with interest accrued (if any) to the date fixed for redemption.

To exercise such option or any other Noteholders' option which may be set out on this Note the holder must deposit such Note with any Paying Agent (in the case of Bearer Notes) or the Registrar or any Transfer Agent (in the case of Registered Notes) at its specified office, together with a duly completed option exercise notice (“Exercise Notice”) in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent within the Noteholders' Option Period. No Note so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(g) *Redemption by Instalments*

Unless previously redeemed, purchased and cancelled as provided in this Condition 6 or the relevant Instalment Date (being one of the dates so specified on this Note) is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 6(e) or (f), each Note which provides for Instalment Dates and Instalment Amounts will be partially redeemed on each Instalment Date at the

Instalment Amount specified on it, whereupon the outstanding principal amount of such Note shall be reduced by the Instalment Amount for all purposes.

(h) *Cancellation*

All Notes redeemed by the Issuer and all Notes purchased (otherwise than in the ordinary course of business of dealing in securities or as a nominee) by or on behalf of the Issuer, the Guarantor or any of their subsidiaries will be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith) and may not be reissued or resold and the obligations of the Issuer and/or the Guarantor in respect of any such Notes shall be discharged.

(i) *Consents*

Any redemption by the Issuer of Notes guaranteed on a Subordinated Basis pursuant to Condition 6(b) or (if applicable) Condition 6(e) and any purchase and cancellation of Notes guaranteed on a Subordinated Basis pursuant to Condition 6(c) and (h) will be subject to the prior consent of the Belgian Banking and Finance Commission (*Commissie voor Bank- en Financiewezenen/ Commission Bancaire et Financière*).

## **7. Payments and Talons**

(a) *Bearer Notes*

Payments of principal and interest in respect of Bearer Notes will, subject as mentioned below and (in the case of Perpetual Notes Guaranteed on a Subordinated Basis) subject to Condition 3(d), be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the currency in which such payment is due drawn on, or, at the option of the holders, by transfer to an account denominated in that currency with, a bank in the principal financial centre of that currency; Provided that (i) in the case of Sterling, the cheque shall be drawn on a town clearing branch of a bank in the City of London, (ii) in the case of euro, the transfer may be to a euro account or on an account which accepts euro payments and (iii) in the case of Japanese yen, the transfer will be to a non-resident Japanese yen account with an authorised foreign exchange bank (in the case of payment to a non-resident of Japan).

(b) *Registered Notes*

(i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes will be made, subject (in the case of Perpetual Notes Guaranteed on a Subordinated Basis) to Condition 3(d), against presentation and surrender of the relevant Notes at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (a) above.

(ii) Interest (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes will be paid, subject (in the case of Perpetual Notes Guaranteed on a Subordinated Basis) to Condition 3(d), to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "Record Date"). Payments of interest on each Registered Note will be made in the currency in which such payments are due by cheque drawn on a bank (being a town clearing branch of a bank in the case of Sterling) in the principal financial centre of the country of the currency concerned and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Registrar maintained by the Registrar. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date and subject as provided in paragraph (a) above, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank in the principal financial centre of the country of that currency or, in the case of euro, to a euro account or an account to which euro can be paid.

(c) *Payments in the United States*

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, adverse tax consequence to the Issuer.

(d) *Payments subject to law etc*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders, Receipholders or Couponholders in respect of such payments.

(e) *Appointment of Agents*

The Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any holder. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer will at all times maintain (i) a Fiscal Agent, (ii) a Principal Paying Agent, (iii) a Registrar in relation to Registered Notes, (iv) a Transfer Agent in relation to Registered Notes having a specified office in a European city outside Belgium which, so long as the Notes are listed on the Luxembourg Stock Exchange, shall be Luxembourg, (v) a Calculation Agent where the Conditions so require one, (vi) a Paying Agent having a specified office in a European city outside Belgium which, so long as the Notes are listed on the Luxembourg Stock Exchange shall be Luxembourg and (vii) if the conclusions of the ECOFIN Council meeting of 26th-27th November 2000 are implemented, the Issuer and the Guarantor will ensure that they maintain a Paying Agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to any European Union Directive on the taxation of savings implementing such conclusions or any law implementing or complying with, or introduced to conform to, such Directive.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 14.

(f) *Unmatured Coupons and Receipts and unexchanged Talons*

(i) Unless the Notes provide that the relative Coupons are to become void upon the due date for redemption of those Notes, Notes should be surrendered for payment together with all unexpired Coupons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of that amount of such missing unexpired Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

(ii) If the relevant Notes so provide, upon the due date for redemption of any Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

- (iii) Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Upon the due date for redemption of any Note which is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Note which provides that the relative Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons and any unexchanged Talon relating to it, and where any Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provisions of such indemnity as the Issuer may require.
- (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note. Interest accrued on a Note which only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation thereof.

(g) *Non-Business Days*

If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “business day” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as “Business Day Jurisdictions” on the Note and:—

- (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in euro) on which the TARGET System is operating.

(h) *Talons*

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (but excluding any Coupons which may have become void pursuant to Condition 9).

## **8. Taxation**

All payments of principal and interest in respect of the Notes, the Receipts and the Coupons by the Issuer or (if the Guarantees were called) the Guarantor will be made without deduction or withholding for, or on account of, any present or future taxes or duties of whatever nature imposed or levied by or on behalf of (in the case of the Issuer) Luxembourg or any political subdivision thereof or any authority or agency therein or thereof having the power to tax or (in the case of the Guarantor) the Kingdom of Belgium or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless such deduction or withholding is required by law. In such event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders, Receiptholders or, as the case may be, the Couponholders after such deduction or withholding shall equal the respective amounts which would have been receivable under these Conditions in respect of the Notes, Receipts or, as the case may be, Coupons by the Noteholders, Receiptholders and (if applicable) the Couponholders in the absence of such deduction or withholding, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:—

- (i) presented for payment in Belgium; or
- (ii) to, or to a third party on behalf of, a holder who is able to avoid such withholding or deduction by placing such Note, Receipt or Coupon in safe custody with a Belgian bank and by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or

- (iii) to, or to a third party on behalf of, a holder where such holder is liable to such taxes or duties in respect of such Note, Receipt or Coupon by reason of its having some connection with the Kingdom of Belgium other than by reason only of the holding of such Note, Receipt or Coupon or the receipt of the relevant payment in respect thereof; or
- (iv) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on such thirtieth day; or
- (v) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (vi) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the EU.

As used in these Conditions, “Relevant Date” in respect of any Note, Receipt or Coupon means the date on which payment in respect thereof first became due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the Noteholders in accordance with Condition 14 that, upon further presentation of the Note, Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “principal” shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) “interest” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) “principal” and/or “interest” shall be deemed to include any additional amounts which may be payable under this Condition.

## 9. Prescription

Claims against the Issuer and the Guarantor for payment in respect of the Notes, Guarantees, Receipts and Coupons (which, for this purpose shall not include Talons) shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect thereof.

## 10. Events of Default

- (a) *Notes other than Dated Notes Guaranteed on a Subordinated Basis and Perpetual Notes Guaranteed on a Subordinated Basis*

This Condition 10(a) is applicable in relation to all Notes other than Dated Notes Guaranteed on a Subordinated Basis and Perpetual Notes Guaranteed on a Subordinated Basis.

If any of the following events (“Events of Default”) occurs and is continuing, the holder of any Note may give written notice to the Fiscal Agent at its specified office that such Note is immediately repayable, whereupon the Redemption Amount of such Note together with accrued interest to the date of payment shall become immediately due and payable unless prior to the date that such written notice is received by the Fiscal Agent the Issuer or the Guarantor shall have cured or the Issuer or the Guarantor shall otherwise have made good all Events of Default in respect of the Notes:—

- (i) default in the payment of any interest due in respect of the Notes or any of them and such default continuing for a period of 12 days; or
- (ii) default by the Issuer or the Guarantor in the due performance or observance of any other obligation, condition or other provision under or in relation to the Notes or the Guarantees, as the case may be, if such default is not cured within 20 days after receipt by the Fiscal Agent of written notice thereof given by any Noteholder requiring the same to be remedied; or
- (iii) default by the Issuer or the Guarantor in the payment of the principal of, or premium or prepayment charge (if any) or interest on, any other loan indebtedness of or assumed or

guaranteed by the Issuer or the Guarantor (which indebtedness in the case of the Guarantor has an aggregate principal amount of at least U.S.\$10,000,000 or its equivalent in any other currency or currencies), when and as the same shall become due and payable, if such default shall continue for more than the period of grace, if any, originally applicable thereto and the time for payment of such interest or principal has not been effectively extended, or in the event that any loan indebtedness of or assumed by the Issuer or the Guarantor (which indebtedness in the case of the Guarantor has an aggregate principal amount of at least U.S.\$10,000,000 or its equivalent in any other currency or currencies), shall have become repayable before the due date thereof as a result of acceleration of maturity caused by the occurrence of an event of default thereunder; or

- (iv) the Issuer is dissolved or wound up or otherwise ceases to exist prior to the redemption of all outstanding Notes or the Guarantor is dissolved or wound up or otherwise ceases to exist prior to the redemption of all outstanding Notes, except as a result of a Permitted Reorganisation, or the Issuer ceases to be subsidiary of the Guarantor (save in the case of a substitution pursuant to Condition 11 (c) where the substitute is the Guarantor); or
- (v) the Issuer or the Guarantor becomes insolvent, is unable to pay its debts generally (or in the case of the Guarantor is in *staking van betaling/cessation de paiements* (suspension of payments)) as they fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts or ceases or threatens to cease to carry on its business, or proposes or makes a general assignment or an arrangement or composition with or for the benefit of its creditors, or a moratorium is agreed or declared in respect of or affecting all or a material part of the indebtedness of the Issuer or the Guarantor, or if the Issuer or the Guarantor commences a voluntary case or other proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, consents to the entry of an order for relief in any involuntary case or other proceeding under any such law as to the appointment of or the taking possession by a trustee, receiver, liquidator, custodian, assignee, sequestrator or similar official of the Issuer or the Guarantor or of any substantial part of its property or as the winding up or liquidation of the Issuer, or if the Guarantor applies for a *concordat judiciaire/gerechtelijk akkoord* (composition with creditors), *liquidation/vereffening* (liquidation) or *faillite/faillissement* (bankruptcy) or any procedures having similar or equivalent effect shall have been initiated in respect of the Issuer or the Guarantor; or
- (vi) a court having jurisdiction in the premises enters a decree or order for relief in respect of the Issuer or the Guarantor in an involuntary case or other proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a trustee, receiver, liquidator, custodian, assignee, sequestrator or other similar official of the Issuer or the Guarantor or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and any such decree or order continues unstayed in effect for a period of 30 consecutive days; or
- (vii) it becomes unlawful for the Issuer or the Guarantor to perform any of their respective obligations under the Notes or the Guarantees, or any of their obligations ceases to be valid, binding or enforceable; or
- (viii) the Guarantees are not or are claimed by the Guarantor not to be in full force and effect in accordance with their terms.

In this Condition:

“Permitted Reorganisation” means an amalgamation, merger, consolidation, reorganisation or other similar arrangement entered into by the Guarantor under which:

- (a) the whole of the business, undertaking and assets of the Guarantor are transferred to and all the liabilities and obligations of the Guarantor are assumed by the new or surviving entity either:
  - (i) automatically by operation of applicable law; or
  - (ii) the new or surviving entity assumes all the obligations of the Guarantor under the terms of the Agency Agreement, the Notes and the Guarantees as fully as if it had been named in the Agency Agreement, the Notes and the Guarantees in place of the Guarantor; and, in either case,



- (b) the new or surviving entity will immediately after such amalgamation, merger, consolidation, reorganisation or other similar arrangement be subject to a European Union regulatory authority.

Any such notice by a Noteholder to the Fiscal Agent shall specify the serial number(s) of the Note(s) concerned.

(b) *Dated Notes Guaranteed on a Subordinated Basis*

This Condition 10(b) is applicable in relation to Dated Notes Guaranteed on a Subordinated Basis.

Any holder of a Dated Note Guaranteed on a Subordinated Basis may, by notice to the Fiscal Agent and the Issuer, declare his Note to be due and payable, and such Note shall accordingly become immediately due and payable at its principal amount together with accrued interest to the date of repayment if an order is made or an effective resolution is passed for the bankruptcy (*faillissement/ faillite*), composition with creditors (*gerechtelijk akkoord/concordat judiciaire*) or liquidation (*vereffening/ liquidation*) of the Guarantor.

(c) *Perpetual Notes Guaranteed on a Subordinated Basis*

This Condition 10(c) is applicable in relation to Perpetual Notes Guaranteed on a Subordinated Basis.

- (i) Any holder of a Perpetual Note Guaranteed on a Subordinated Basis may, by notice to the Fiscal Agent and the Issuer, declare his Note to be due and payable, and such Note shall accordingly (subject to the provisions of Condition 3(d)) become immediately due and payable at its principal amount together with accrued interest to the date of repayment and any Arrears of Interest if an order is made or an effective resolution is passed for the bankruptcy (*faillissement/faillite*), composition with creditors (*gerechtelijk akkoord/concordat judiciaire*) or liquidation (*vereffening/ liquidation*) of the Guarantor.
- (ii) A Noteholder may at its discretion institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition, undertaking or provision binding on the Issuer under the Notes or the Coupons or the Receipts (if any) provided that the Issuer shall not by virtue of any such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.
- (iii) No remedy against the Issuer, other than the institution of the proceedings referred to in sub-paragraph (ii) above or the proving or claiming in any winding-up of the Issuer, shall be available to the Noteholders or the Couponholders or the Receiptholders (if any) whether for the recovery of amounts owing in respect of the Notes or the Coupons or in respect of any breach by the Issuer of any other obligation, condition or provision binding on it under the Notes or the Coupons or the Receipts (if any).
- (iv) In the event of an order being made or an effective resolution being passed for the winding-up, liquidation or bankruptcy of the Issuer; then immediately thereupon and without further formality the Guarantor shall become the principal debtor under the Notes and the Coupons and the Receipts (if any) in place of the Issuer and the Guarantees shall cease to be of any effect and the Noteholders and the Couponholders and the Receiptholders (if any) shall cease to have any rights or claims whatsoever against the Issuer; provided that:—
  - (a) the obligations of the Guarantor as principal debtor as aforesaid shall be subordinated to the same extent as its obligations under the Guarantees; and
  - (b) no Noteholder or Couponholder or Receiptholder shall, as a result of any change in principal debtor as aforesaid, be entitled to claim from the Issuer or the Guarantor any indemnification or payment in respect of any tax consequence of such change upon individual Noteholders or Couponholders or Receiptholders except to the extent provided for by Condition 8.

## **11. Meeting of Noteholders, Modifications and Substitution**

(a) *Meetings of Noteholders*

The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interest, including modification by Extraordinary Resolution of the Notes (including these Conditions in so far as the same may apply to such Notes). An Extraordinary

Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest thereon, (ii) to reduce or cancel the principal amount or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating the Interest Amount in the respect thereof, (iv) if there is shown on the face of the Notes a Minimum Interest Rate and/or a Maximum Interest Rate, to reduce such Minimum Interest Rate and or a Maximum Interest Rate, (v) to change any method of calculating the Redemption Amount or, in the case of Zero Coupon Notes, to change the method of calculating the Amortised Face Amount, (vi) to change the currency or currencies of payment of the Notes, (vii) to cancel or change the provisions of any Guarantee, (viii) to take any steps which this Note specifies may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (ix) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, will only be binding if passed at a meeting of the Noteholders (or at any adjournment thereof) at which a special quorum (provided for in the Agency Agreement) is present.

**These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.**

(b) *Modification of Agency Agreement*

The Issuer and the Guarantor shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

(c) *Substitution*

The Issuer, or any previous substituted company, may at any time, without the consent of the Noteholders or the Couponholders, substitute for itself as principal debtor under the Notes, the Receipts, the Coupons and the Talons any company (the "Substitute") which is the Guarantor, or a subsidiary of the Guarantor, provided that no payment in respect of the Notes, the Receipts or the Coupons is at the relevant time overdue. The substitution shall be made by a deed poll (the "Deed Poll"), to be substantially in the form scheduled to the Agency Agreement as Schedule 8, and may take place only if (i) the Substitute shall, by means of the Deed Poll, agree to indemnify each Noteholder and Couponholder against any tax, duty, assessment or governmental charge which is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute's residence for tax purposes and, if different, of its incorporation with respect to any Note, Receipt, Coupon or Talon and which would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution, (ii) where the Substitute is not the Guarantor, the obligations of the Substitute under the Deed Poll, the Notes, Receipts, Coupons and Talons shall be unconditionally and irrevocably guaranteed by the Guarantor by means of the Deed Poll, (iii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Notes, Receipts, Coupons and Talons represent valid, legally binding and enforceable obligations of the Substitute and, in the case of the Deed Poll (where the Substitute is not the Guarantor), of the Guarantor have been taken, fulfilled and done and are in full force and effect, (iv) the Substitute shall have become party to the Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it, (v) legal opinions addressed to the Noteholders shall have been delivered to them (care of the Fiscal Agent) from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in (i) above and in England as to the fulfilment of the preceding conditions of this paragraph (c) and the other matters specified in the Deed Poll and (vi) the Issuer shall have given at least 14 days' prior notice of such substitution to the Noteholders, stating that copies or, pending execution, the agreed text of all documents in relation to the substitution which are referred to above, or which might otherwise reasonably be regarded as material to Noteholders, will be available for inspection at the specified offices of each of the Paying Agents. References in Condition 10 to obligations under the Notes shall be deemed to include obligations under the Deed Poll, and, where the Deed Poll contains a

guarantee, the events listed in Condition 10 shall be deemed to include that guarantee not being (or being claimed by the Guarantor not to be) in full force and effect.

## **12. Replacement of Notes, Receipts, Coupons and Talons**

If a Note, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws and stock exchange regulations, at the specified office of such Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to the Noteholders in accordance with Condition 14 (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Registered Notes), in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## **13. Further Issues**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to “Notes” shall be construed accordingly.

## **14. Notices**

Notices to holders of Registered Notes will be mailed to them at their respective addresses in the Register and be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes will be valid if (i) published in a leading daily newspaper having general circulation in the United Kingdom (which is expected to be the *Financial Times*) and (ii) in the case of Bearer Notes and Registered Notes which are listed on the Luxembourg Stock Exchange (so long as such Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require), in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or in the case of (i) and (ii), if such publication is not practicable, if published in a leading English language daily newspaper having general circulation in Europe and otherwise if given in compliance with the requirements of each stock exchange on which the Notes are listed. Notices, will, if published more than once, be deemed to have been given on the date of the first publication as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

## **15. Governing Law and Jurisdiction**

### **(a) Governing Law**

The Notes, the Receipts, the Coupons, the Talons and the Guarantees to which Condition 3(b) applies are governed by, and shall be construed in accordance with, English law.

Guarantees to which Condition 3(c) applies and Guarantees to which Condition 3(d) applies are governed by, and shall be construed in accordance with, the laws of the Kingdom of Belgium.

### **(b) Jurisdiction**

The Courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with any Notes, Receipts, Coupons, Talons or Guarantees and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons, Talons or Guarantees (“Proceedings”) may be brought in such courts. Each of the Issuer and the Guarantor irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in

one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) *Service of Process*

Each of the Issuer and the Guarantor irrevocably appoints Fortis Bank, London Branch, Bavaria House, 13/14 Appold Street, London EC2A 2DP to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Issuer or the Guarantor). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, each of the Issuer and the Guarantor irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 14. Nothing shall affect the right to serve process in any manner permitted by law.

## **USE OF PROCEEDS**

The net proceeds from the issue of the Notes will be lent by the Issuer to the Guarantor, to be used for general corporate purposes by the Guarantor.

## SUMMARY OF PROVISIONS RELATING TO GLOBAL NOTES

Each Series or Tranche, as the case may be, where the Notes issued in such Series or Tranche are initially in bearer form, will initially be represented by a temporary Global Note, in bearer form without Coupons, with the Guarantee of the Guarantor endorsed thereon, which will be deposited on behalf of the subscribers of the relevant Notes with a common depository (the “Common Depository”) for the Euroclear Operator and/or for Clearstream, Luxembourg and/or any other relevant clearing system, or as otherwise agreed, on or about the issue date of the relevant Notes. No interest will be payable in respect of a temporary Global Note except as provided below. Upon deposit of the temporary Global Note(s) with the Common Depository, the Euroclear Operator or Clearstream, Luxembourg or any other relevant clearing system will credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid.

Each of the persons shown in the records of the Euroclear Operator or Clearstream, Luxembourg or any other relevant clearing system as the holder of a Note represented by a Global Note must look solely to the Euroclear Operator or Clearstream, Luxembourg (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note, subject to and in accordance with the respective rules and procedures of the Euroclear Operator, Clearstream, Luxembourg and any other relevant clearing system. Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note and the obligations of the Issuer will be discharged by payment to the bearer of such Global Note in respect of each amount so paid.

The temporary Global Notes and the permanent Global Notes contain provisions which apply to the Notes while they are in global form, some of which modify the effect of the terms and conditions of the Notes set out in this document. The following is a summary of certain of those provisions:—

**1. Exchange:** Each temporary Global Note will be exchangeable in whole or in part for interests in a permanent Global Note or for Definitive Notes, in each case, with the Guarantee of the Guarantor endorsed thereon, on or after the first day following the expiry of 40 days after completion of the distribution of the relevant Tranche upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. Each permanent Global Note is exchangeable in whole or, in the case of Partly-paid Notes only, in part for definitive Notes by the holder giving notice to the Fiscal Agent, or by the Issuer giving notice to the Fiscal Agent and the Noteholders, of its intention to exchange such permanent Global Note for definitive Notes as set out below.

On or after any Exchange Date (as defined below), the holder of a permanent Global Note may surrender such permanent Global Note to or to the order of the Fiscal Agent. In exchange for any permanent Global Note the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated definitive Notes (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts which have not already been paid on the permanent Global Note and a Talon), with the Guarantee of the Guarantor endorsed thereon, security printed in accordance with any applicable legal and listing authority, stock exchange or quotation system requirements and in or substantially in the form set out in Schedule 2 to the Agency Agreement. On exchange of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant definitive Notes.

“Exchange Date” means a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and on which the Euroclear Operator and Clearstream, Luxembourg and any other relevant clearing system are open for business.

**2. Payments:** No payment falling due more than 40 days after the issue of any Tranche represented by a temporary Global Note will be made on that temporary Global Note unless exchange for an interest in a permanent Global Note is improperly withheld or refused. Payments on any temporary Global Note during the period up to 40 days after the completion of the distribution of such Tranche will only be made against presentation of certification as to non-U.S. beneficial ownership as set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the

Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed in the appropriate schedule to each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes.

**3. Notices:** So long as Notes of any Series are represented by a Global Note notices may be given by delivery of the relevant notice to the Euroclear Operator or Clearstream, Luxembourg or any other relevant clearing system for communication by them to entitled account holders in substitution for publication in a daily newspaper with general circulation in the United Kingdom, but publication in the *Luxemburger Wort* will be maintained for so long as the Notes of the Series in respect of which the notice is to be published are listed on the Luxembourg Stock Exchange.

**4. Prescription:** Claims against the Issuer in respect of principal and interest (as each is defined in the Conditions) on Notes while the Notes of that Series are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

**5. Meetings:** The holder of a Global Note will be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, as having one vote in respect of each minimum Denomination of Notes for which such permanent Global Note may be exchanged.

**6. Purchase and Cancellation:** Cancellation of any Note surrendered for cancellation by the Issuer following its purchase will be effected by reduction in the principal amount of the relevant permanent Global Note.

**7. Issuer's Option:** No drawing of Notes will be required under Condition 6(e) in the event that the Issuer exercises any option relating to those Notes while all such Notes which are outstanding are represented by a permanent Global Note. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with the Euroclear Operator and Clearstream, Luxembourg in respect of the Notes will be governed by the standard procedures of the Euroclear Operator and Clearstream, Luxembourg.

**8. Noteholders' Option:** Any Noteholders' option may be exercised by the holder of a permanent Global Note giving notice to the Fiscal Agent of the principal amount of Notes in respect of which the option is exercised and presenting such permanent Global Note for endorsement of exercise within the time limits specified in the Conditions.

**9. Default:** As more fully described in the Global Notes, each Global Note shall become void in whole or in part on the seventh day after notice is served by the person or persons shown in the records of the Euroclear Operator or Clearstream, Luxembourg or any other relevant clearing system as the holder or holders of the Notes in respect of which notice is served (the "Relevant Accountholder") upon the occurrence of an event of default. In such circumstances each Relevant Accountholder shall acquire, under a deed of covenant dated 16 December 2002 executed by the Issuer and the Guarantor (the "Deed of Covenant") against the Issuer and the Guarantor all rights which the Relevant Accountholder in question would have had if, immediately before the Global Note became void, it had been holder of definitive Notes issued on the issue date of the Global Note in an aggregate principal amount equal to the principal amount of the Notes in respect of which such Relevant Accountholder is shown in the records of the Euroclear Operator or Clearstream, Luxembourg or any other relevant clearing system.

**10. Partly-paid Notes:** The provisions relating to Partly-paid Notes will be contained in the Global Notes. For so long as any instalments of the subscription moneys due from the holder of Partly-paid Notes are due, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes (as the case may be). In the event that any Noteholder fails to pay any instalment due on any Partly-paid Notes within the time specified, the Issuer will be entitled to forfeit such Notes and shall have no further obligation to their holder in respect of them.

# FORTIS LUXEMBOURG FINANCE S.A.

## General Information

Fortis Luxembourg Finance S.A. (the “Company”) was incorporated in Luxembourg on 24 September 1986 for a limited duration of thirty years in the form of a “Société Anonyme” and its registered number is B 24784. Until 12 November 2001, the legal name of Fortis Luxembourg Finance S.A. was “Genfinance Luxembourg S.A.” The duration of the Company is now unlimited. According to Luxembourg Act of 12 December 1998, the share capital of the Company has been converted to Euro on 20 July 2001.

The Articles of Association of the Company have been amended several times, most recently by notarial deed in Luxembourg on 12 November 2001.

The Articles of Association were published in the “Mémorial, Recueil Spécial des Sociétés et Associations” on 29 November 1986 (C Nr332) and amendments thereto were published in the “Mémorial, Recueil Spécial des Sociétés et Associations” on 29 September 1987 (C Nr 241), on 30 December 1987 (C Nr 385), on 19 March 1988 (C Nr 71), on 26 May 1988 (C Nr 140), on 28 August 1989 (C Nr 236), on 13 June 1990 (C Nr 194), on 10 January 1991 (C Nr 9), on 15 June 1992 (C Nr 258) and on 19 July 1996 (C Nr 346) and on 20 March 2002 (C Nr 445).

The Company’s registered office is at 14, rue Aldringen, Luxembourg.

The Company’s object is to grant loans to the companies which are members of the Fortis Group (as defined below). For that purpose the Company may issue bonds or similar securities, raise loans, with or without a guarantee and in general have recourse to any sources of finance.

The Company’s issued and authorised share capital at 31 October 2002 is EUR 500,000 represented by 20,000 ordinary shares with a nominal value of EUR 25 each. The Company has no other classes of shares.

Fortis Bank (as defined below) holds 99.999 per cent. of the Company’s shares.

The Articles of Association of the Company are filed with the Chief Registrar of the District Court of Luxembourg (*Greffier en Chef du Tribunal d’Arrondissement de et à Luxembourg*) and on written request a copy may be made available to any interested person.

## Fiscal year

The Company’s fiscal year starts on 1 January and ends on 31 December.

## Board of Managing Directors and Directors

As at the date of this Offering Circular, the Board of Managing Directors was comprised of the following:

Bas Schreuders	Director of BGL-MeesPierson Trust (Luxembourg) S.A.
Edward Bruin	Director Commercial Relations and Fiscal Affairs of BGL-MeesPierson Trust
Jean Thill	Treasury Manager of Banque Générale du Luxembourg S.A.
Matthijs van der Want	Managing Director of the Guarantor
Christian Pithsy	Managing Director of the Guarantor.

## Auditor

The financial statements of the Company for the years ending 31 December 1999, 31 December 2000 and 31 December 2001 have been audited by Ernst & Young Société Anonyme, BP 780 L-2017 Luxembourg.

## CAPITALISATION AND INDEBTEDNESS OF FORTIS LUXEMBOURG FINANCE S.A.

### AS AT 31 OCTOBER 2002

The capitalisation and indebtedness of Fortis Luxembourg Finance S.A. (extracted from Fortis Luxembourg Finance S.A.'s unaudited accounts) as at 31 October 2002, is as set out below:

				<b>As at 31 October 2002 (In EUR)</b>
<b>Shareholders' Equity</b>				
Share capital.....				500,000.00
Legal reserve .....				49,578.70
Retained earnings .....				8,191,264.33
				<hr/>
				8,740,843.03
<b>Long Term Debt</b>				
<b>Unsubordinated Notes</b>				
LUF	4,000,000,000	7 <sup>3</sup> / <sub>4</sub> %	1995/2000 9% 2000/2003 <sup>(1)(4)(7)</sup>	99,157,409.91
LUF	2,000,000,000	7 <sup>5</sup> / <sub>8</sub> %	1995/2001 9% 2001/2004 <sup>(1)(4)(7)</sup>	49,578,704.95
LUF	2,000,000,000	6 <sup>1</sup> / <sub>2</sub> %	1995/2000 8 <sup>1</sup> / <sub>4</sub> % 2000/2003 <sup>(1)(4)(7)</sup>	49,578,704.95
LUF	2,000,000,000	7 <sup>1</sup> / <sub>4</sub> %	1995/2005 <sup>(1)(4)</sup>	49,578,704.95
LUF	5,000,000,000	6 <sup>1</sup> / <sub>2</sub> %	1995/2001 7 <sup>1</sup> / <sub>2</sub> % 2001/2004 <sup>(1)(4)(7)</sup>	123,946,762.39
LUF	3,000,000,000	5%	1996/1999 7% 1999/2002 .....	74,368,057.43
			9% 2002/2005 <sup>(1)(4)(7)</sup>	
LUF	4,000,000,000	5 <sup>1</sup> / <sub>2</sub> %	1996/2000 7% 2000/2003 .....	99,157,409.91
			9% 2003/2006 <sup>(1)(4)(7)</sup>	
LUF	4,000,000,000	5 <sup>1</sup> / <sub>8</sub> %	1996/2000 8 <sup>1</sup> / <sub>8</sub> % 2000/2004 <sup>(1)(4)(7)</sup>	99,157,409.91
LUF	2,000,000,000	0%	1996/2003 with klik options BEL-20 <sup>(1)(4)</sup>	49,578,704.95
LUF	3,000,000,000	4 <sup>1</sup> / <sub>4</sub> %	1996/1999 6% 1999/2002 .....	74,368,057.43
			8% 2002/2005 <sup>(1)(4)(7)</sup>	
<b>Total .....</b>				<b>768,469,926.78</b>
<b>Reverse Convertible Notes<sup>(8)</sup></b>				
EUR	25,000,000.00		6 November 2000 6 November 2002 XS0119299666 <sup>(4)</sup>	25,000,000.00
EUR	25,000,000.00		27 November 2000 27 November 2002 XS0120305767 <sup>(4)</sup>	25,000,000.00
EUR	25,000,000.00		4 December 2000 4 December 2002 XS0120536817 <sup>(4)</sup>	25,000,000.00
EUR	25,000,000.00		20 December 2000 20 December 2002 XS0121769458 <sup>(4)</sup>	25,000,000.00
EUR	25,000,000.00		16 January 2001 16 January 2003 XS0122429136 <sup>(4)</sup>	25,000,000.00
EUR	40,000,000.00		5 February 2001 5 February 2003 XS0123532276 <sup>(4)</sup>	40,000,000.00
EUR	25,000,000.00		26 February 2001 26 February 2003 XS0124452292 <sup>(4)</sup>	25,000,000.00
EUR	45,000,000.00		27 February 2001 27 February 2003 XS0124841353 <sup>(4)</sup>	45,000,000.00
EUR	25,000,000.00		9 April 2001 9 April 2003 XS0126746436 <sup>(4)</sup>	25,000,000.00
EUR	35,000,000.00		6 July 2001 6 July 2003 XS0131276387 <sup>(4)</sup>	35,000,000.00
EUR	25,000,000.00		1 October 2001 1 October 2003 XS0135141272 <sup>(4)</sup>	25,000,000.00
EUR	40,000,000.00	11.25%	Reverse Convertible into ABN AMRO HOLDING N.V. Shares	19 December 2003 <sup>(4)</sup> 40,000,000.00
EUR	20,000,000.00	12.25%	Reverse Convertible into Siemens AG Shares	11 February 2004 <sup>(4)</sup> 20,000,000.00
EUR	20,000,000.00	11.25%	Reverse Convertible into Axa Shares	5 March 2004 <sup>(4)</sup> 20,000,000.00
EUR	35,000,000.00	11.25%	Reverse Convertible into ING Groep N.V. Shares	15 April 2004 <sup>(4)</sup> 35,000,000.00
EUR	25,000,000.00	11%	Reverse Convertible into Deutsche Bank Shares	7 May 2004 <sup>(4)</sup> 25,000,000.00
EUR	20,000,000.00	10%	Reverse Convertible into Unilever Shares	20 May 2004 <sup>(4)</sup> 20,000,000.00
EUR	15,000,000.00	11%	Reverse Convertible into Société Générale Shares	6 August 2004 <sup>(4)</sup> 15,000,000.00
<b>Total .....</b>				<b>495,000,000.00</b>
<b>Index Linked Notes</b>				
EUR	100,000,000.00		15 April 1999 15 April 2005 XS0095602545 <sup>(4)</sup>	100,000,000.00
EUR	75,000,000.00		10 May 1999 10 May 2004 XS0096930093 <sup>(4)</sup>	75,000,000.00
EUR	100,000,000.00		21 June 1999 21 June 2004 XS0098337149 <sup>(4)</sup>	100,000,000.00
EUR	100,000,000.00		31 August 1999 31 August 2004 XS0100592590 <sup>(4)</sup>	100,000,000.00
EUR	50,000,000.00		8 February 2000 8 February 2005 XS0106290710 <sup>(4)</sup>	50,000,000.00
EUR	50,000,000.00		15 February 2000 15 February 2008 XS0106569071 <sup>(4)</sup>	50,000,000.00
EUR	50,000,000.00		28 March 2000 28 March 2005 XS0108677039 <sup>(4)</sup>	50,000,000.00
EUR	70,000,000.00		20 April 2000 20 April 2005 XS0109552389 <sup>(4)</sup>	70,000,000.00
EUR	50,000,000.00		9 June 2000 9 June 2005 XS0111290564 <sup>(4)</sup>	50,000,000.00
EUR	25,000,000.00		4 October 2000 4 October 2005 XS0117447531 <sup>(4)</sup>	25,000,000.00
EUR	40,000,000.00		7 February 2001 7 February 2005 XS0123291303 <sup>(4)</sup>	40,000,000.00
EUR	25,000,000.00		28 February 2001 28 February 2005 XS0124841601 <sup>(4)</sup>	25,000,000.00



					<b>As at 31 October 2002 (In EUR)</b>
EUR	35,000,000.00	7%	Dow Jones EURO STOXX 50 <sup>SM</sup> Index Linked Notes	15 January 2007 <sup>(4)</sup>	35,000,000.00
EUR	25,000,000.00	7.5%	Dow Jones EURO STOXX 50 <sup>SM</sup> Index Linked Notes	15 March 2006 <sup>(4)</sup>	25,000,000.00
EUR	15,000,000.00	7.5%	Dow Jones EURO STOXX 50 <sup>SM</sup> Index Linked Notes	3 July 2006 <sup>(4)</sup>	15,000,000.00
<b>Total</b>					<b>810,000,000.00</b>
<b>Subordinated Notes</b>					
LUF	1,500,000,000	7 <sup>3</sup> / <sub>8</sub> %	1993/2003 <sup>(1)(3)</sup>		37,184,028.72
LUF	3,000,000,000	6%	1997/2007 <sup>(1)(3)</sup>		74,368,057.43
LUF	3,700,000,000	5%	1997/2001 7 <sup>1</sup> / <sub>2</sub> % 2001/2005 <sup>(1)(3)(7)</sup>		91,720,604.17
LUF	3,000,000,000	5 <sup>1</sup> / <sub>4</sub> %	1997/2002 7 <sup>1</sup> / <sub>4</sub> % 2002/2007 <sup>(1)(3)(7)</sup>		74,368,057.43
LUF	2,000,000,000	6 <sup>1</sup> / <sub>8</sub> %	1997/2007 <sup>(1)(3)</sup>		49,578,704.95
NLG	150,000,000	5 <sup>1</sup> / <sub>8</sub> %	1998/2005 <sup>(1)(3)</sup>		68,067,032.41
LUF	2,000,000,000	4 <sup>1</sup> / <sub>2</sub> %	1998/2003 6.375% 2003/2008 <sup>(1)(3)(7)</sup>		49,578,704.95
LUF	2,000,000,000	4 <sup>1</sup> / <sub>4</sub> %	1998/2003 6 <sup>1</sup> / <sub>4</sub> % 2003/2008 <sup>(1)(3)(7)</sup>		49,578,704.95
EUR	100,000,000	5 <sup>1</sup> / <sub>8</sub> %	1999/2009 <sup>(1)(3)</sup>		100,000,000.00
EUR	75,000,000	5.625%	1999/2009 <sup>(1)(3)</sup>		75,000,000.00
EUR	100,000,000	6%	1999/2009 <sup>(1)(3)</sup>		100,000,000.00
EUR	150,000,000	6 <sup>1</sup> / <sub>8</sub> %	1999/2009 <sup>(1)(3)</sup>		150,000,000.00
LUF	1,000,000,000.00		25 February 1994	25 February 2004	XS0048428048 <sup>(3)</sup>
EUR	100,000,000.00		17 December 1999	17 December 2009	XS0104211957 <sup>(3)</sup>
EUR	200,000,000.00		11 May 2000	11 May 2010	XS0110173555 <sup>(3)</sup>
EUR	250,000,000.00		14 June 2000	14 June 2010	XS0111481403 <sup>(3)</sup>
EUR	50,000,000.00		20 October 2000	20 October 2010	XS0117512548 <sup>(4)</sup>
EUR	150,000,000.00		15 December 2000	15 December 2010	XS0120236269 <sup>(3)</sup>
EUR	50,000,000.00		27 December 2000	27 December 2010	XS0121176472 <sup>(4)</sup>
EUR	150,000,000.00		16 February 2001	16 February 2016	XS0122720732 <sup>(3)</sup>
<b>Total</b>					<b>1,894,233,247.49</b>
<b>Notes in foreign currencies</b>					
USD	22,330,000	FRN	1995-undated <sup>(1)(2)(3)(5)</sup>		22,621,821.49
GBP	100,000,000	9%	1995-undated <sup>(1)(2)(5)(6)</sup>		158,027,812.88
DKK	400,000,000	5%	1998/2003 6% 2003/2008 <sup>(1)(3)(5)(7)</sup>		53,818,416.84
DKK	600,000,000	7%	1997/2006 <sup>(1)(3)(5)</sup>		80,727,625.26
DKK	600,000,000	5 <sup>1</sup> / <sub>8</sub> %	1999/2007 <sup>(1)(3)(5)</sup>		80,727,625.26
SEK	515,000,000.00		26 October 1999	26 October 2007	XS0102708632 <sup>(3)(5)</sup>
<b>Total</b>					<b>452,707,027.76</b>
<b>Total Long Term Debt</b>					<b>4,420,410,202.03</b>
<b>Commercial Paper</b>					<b>1,720,681,521.67</b>
<b>Borrowing from Fortis Lux Finance SA</b>					<b>1,000,000.00</b>
<b>Total Long Term Debt and Short Term Debt</b>					<b>6,142,091,723.70</b>
<b>Total capitalisation<sup>(9)(10)(11)</sup></b>					<b>6,150,832,566.73</b>

Notes:

- (1) Redeemable early at 100% in the event of a change in tax regulations.
- (2) Redeemable early at 100% from February 2000 onwards.
- (3) Guaranteed on a subordinated basis by Fortis Bank.
- (4) Guaranteed by Fortis Bank.
- (5) Foreign currency amounts have been translated at the rates prevailing on 31 October 2002.

EUR	1.00
CAD	1.5487
DKK	7.4324
GBP	0.6328
HKD	7.698
JPY	120.90
BEF	40.3399
LUF	40.3399
DEM	1.95583
NLG	2.20371
SEK	9.0695

USD 0.9871

CHF 1.4634

(6) Redeemable early at 100% or exchangeable for new Notes from 5 January, 2006 onwards.

(7) Step-up Notes.

(8) The Reverse Convertible Notes are booked at their nominal value.

(9) The following issues were booked as Middle Term Debts:

EUR	2,000,000	5.55% Fixed Rate Notes	3 May 2012 <sup>(3)</sup>
USD	2,500,000	Floating Rate Notes	8 February 2008 <sup>(4)</sup>
USD	10,000,000	Floating Rate Notes	22 August 2004 <sup>(4)(9)</sup>
USD	20,000,000	Floating Rate Notes	21 February 2005 <sup>(4)(9)</sup>
USD	5,000,000	Accrual Floating Rate Notes	12 August 2004 <sup>(4)(9)</sup>
USD	5,000,000	7.1% Accrual Fixed Rate Notes	16 August 2009 <sup>(4)(9)</sup>

(10) The following issue will be added to the Long Term Debt of the issuer:

EUR 15,000,000 12.5% Reverse Convertible Notes into ABN AMRO HOLDING N.V. Shares due 17 December 2004.

(11) Save as disclosed above there has been no material change in the capitalisation of Fortis Luxembourg Finance S.A. since 31 October 2002.

Fortis Luxembourg Finance S.A. has no subsidiaries and therefore its financial statements are produced on an unconsolidated basis. It does not publish interim financial statements.

## SELECTED FINANCIAL INFORMATION OF FORTIS LUXEMBOURG FINANCE S.A.

### Balance Sheet of Fortis Luxembourg Finance S.A.

	1997	1998	As at 31 December			As at 31
	(in LUF)	(in LUF)	1999	2000	2001	October
			(in LUF)	(in LUF)	(in EUR)	2002
						(in EUR)
						(unaudited)
<b>Assets</b>						
Financial fixed assets . . . . .	91,947,779,275	100,075,659,750	117,628,246,041	104,020,959,842	5,093,095,353.87	4,475,489,212.34
Current assets						
Loans . . . . .	2,472,678,776	2,462,431,881	2,781,422,334	2,427,817,767	376,363,984.65	1,918,111,570.53
Bank deposit . . . . .	327,409,610	265,502,416	261,197,036	211,079,532	11,948,675.00	4,282,670.67
Regularisation . . . . .	1,166,575,976	1,412,422,065	1,224,090,055	978,359,072	53,844,667.23	43,738,180.24
<i>Total Assets</i> . . . . .	<i>95,914,443,637</i>	<i>104,216,016,112</i>	<i>121,894,955,466</i>	<i>107,638,216,213</i>	<i>5,535,252,680.75</i>	<i>6,441,621,633.78</i>
<b>Liabilities</b>						
Issued capital . . . . .	20,000,000	20,000,000	20,000,000	20,000,000	500,000.00	500,000.00
Reserves . . . . .	2,000,000	2,000,000	2,000,000	15,823,500	606,359.95	606,359.95
Profit brought forward . . . . .	372,042,957	462,240,956	229,216,217	109,666,616	5,237,245.52	8,191,264.33
Accounts payable						
Debenture . . . . .	91,991,371,775	100,115,034,750	117,671,001,227	104,064,312,771	5,296,669,756.73	6,142,091,723.49
Other accounts payable . . . . .	2,334,340,758	2,376,598,883	2,718,801,627	2,361,635,501	179,362,411.82	248,325,721.25
Regularisation . . . . .	1,104,490,148	1,147,166,262	1,159,662,496	956,367,530	49,922,887.92	39,907,405.60
Profit for the fiscal year . . . . .	90,197,999	92,975,261	94,273,899	110,410,295	2,954,018.81	2,059,159.16
<i>Total Liabilities</i> . . . . .	<i>95,914,443,637</i>	<i>104,216,016,112</i>	<i>121,894,955,466</i>	<i>107,638,216,213</i>	<i>5,535,252,680.75</i>	<i>6,441,621,633.78</i>

### Profit and Loss Account of Fortis Luxembourg Finance S.A.

	1997	For the year ended 31 December				10 month period
	(in LUF)	1998	1999	2000	2001	ended
		(in LUF)	(in LUF)	(in LUF)	(in EUR)	31 October
						2002
						(in EUR)
						(unaudited)
Gross results . . . . .	6,087,254,358	6,562,730,068	7,179,587,806	7,446,974,690	184,715,072.27	470,108,845.07
Interests and similar costs . . . . .	5,941,806,768	6,194,397,469	7,020,818,719	7,280,652,380	180,356,936.34	461,678,417.18
Other costs and taxes . . . . .	55,249,591	57,357,338	64,495,188	55,912,015	1,404,117.12	6,371,268.73
<i>Profit for the fiscal year</i> . . . . .	<i>90,197,999</i>	<i>92,975,261</i>	<i>94,273,899</i>	<i>110,410,295</i>	<i>2,954,018.81</i>	<i>2,059,159.16</i>

The above information for the years ended 31 December 1997, 1998, 1999, 2000 and 2001 is extracted from, and should be read in conjunction with, the audited financial statements (including the Notes thereto) of the Company. The audited financial statements of the Company for the year ended 31 December 2001 are herein incorporated by reference.

# FORTIS BANK

## 1. GENERAL DESCRIPTION

Fortis Bank (the “Guarantor” or “Fortis Bank”) is a public company with limited liability (*société anonyme/naamloze vennootschap*) under Belgian law. The registered office of the company is located at Montagne du Parc 3, 1000 Brussels, where its headquarters are based. Fortis Bank was established for an indefinite period.

As stated in article 3 of its Articles of Association, Fortis Bank has as its purpose to conduct all banking operations, financial operations, brokerage and fee operations. It is free to carry out all businesses and operations which are directly or indirectly related to its purpose or which are of a nature to benefit the realisation thereof. Fortis Bank is free to hold shares and share interests within the limits set by the legal framework for banks.

Fortis Bank is registered in the Registry of Commerce of Brussels under number 76.034.

Fortis Bank is part of Fortis (as defined below by the section entitled “Fortis” and also referred to herein as “Fortis”), formed through the merger in 1990 of AG 1824, a Belgian insurance company, and the Dutch group AMEV/VSB. Fortis has grown considerably since then, both in its own right and by acquiring other companies such as ASLK-CGER Bank and Generale Bank.

At the operational level Fortis consists of a banking division and an insurance division. The banking division offers a wide range of financial services (including *bancassurance*), mostly under the Fortis Bank name and via its own networks (including 1,900 branches in the Benelux countries). The insurance side provides services mainly through brokers.

## 2. HISTORICAL OVERVIEW

- 1720** — Rotterdam: the Mees family developed a trade financing business that developed into MeesPierson
- 1817** — Establishment of the “*Maatschappij tot Nut ‘t Algemeen*”, the first of the savings banks which merged in 1983 to become VSB
- 1822** — The “*Algemeene Nederlandsche Maatschappij ter begunstiging van de Volksvlijt*” was set up in Brussels, and became Generale Bank
- 1865** — The Algemene Spaar- en Lijfrentekas (ASLK-CGER) was established
- 1989** — In the Netherlands, the merger of the insurer AMEV and the savings bank group VSB resulted in AMEV-VSB
- 1990** — Fortis grew out of the merger between the Belgian insurer AG and the Dutch company AMEV-VSB
- 1993** — The government institution ASLK-CGER was privatised and Fortis eventually took full control of it
- 1995** — Generale Bank took over Credit Lyonnais Bank Nederland and formed Generale Bank Nederland
- 1997** — Fortis took over MeesPierson from ABN-AMRO
- 1998** — Generale Bank joined Fortis
- 1999** — Fortis Bank resulted from the merger of Generale Bank and ASLK-CGER in Belgium and Generale Bank Nederland, VSB Bank and MeesPierson in the Netherlands
- 2000** — Closer strategic links between Fortis and Banque Générale du Luxembourg through a public offer of exchange on their shares
  - Acquisition of the remaining stake in Beta Capital in Spain
  - Acquisition of ASR, a Dutch insurance group. This operation makes Fortis the largest insurance company in the Benelux countries
- 2001** — Banque de l’Aquitaine becomes Fortis Bank
  - Introduction into the French market of the “Private Banking” unit of Fortis: MeesPierson Fortis Patrimoine

- Signing of a joint venture agreement between Fortis and Maybank (Malaysia), whereby Fortis is to acquire a 30 per cent. share in Maybank’s life and general insurance business
- Acquisition, in the United States, of Core, a large independent supplier of absentee management at national level, a provider of invalidity reinsurance and management services for insurance companies
- Acquisition of the Spanish insurance portfolio of Bâloise (Switzerland).

**2002** – In February 2002 Fortis and ING Lease announced that they agreed on the transfer of TOP Lease.

- In April 2002 Fortis AG strengthened its property investment portfolio by acquiring Bernheim Comofi in Belgium.
- In July 2002 Fortis acquired 100 per cent. of Intertrust Group. Intertrust Group is active in trust and company management.

### **3. ACTIVITIES**

Fortis Bank operates on a cross border basis with offices in the Benelux Countries and it co-ordinates its operations from Brussels, Amsterdam, Rotterdam and Luxembourg.

The Fortis Bank organisation is centred around 3 businesses which are integrated in the Fortis structure:

- Network Banking, providing financial services to individuals, professionals and small and medium sized enterprises
- Merchant Banking, providing financial services to institutional customers, medium sized companies and corporates and other financial institutions.
- Private Banking, Asset Management and Information Banking

Each business comprises several business lines which, in turn, group together activities focusing on a specific customer segment.

In parallel to the organisation of Fortis Bank on the basis of its businesses, the Fortis Bank structure also includes operational and support functions which provide back-up for all the businesses.

#### **Network Banking**

Network Banking offers a full range of financial services to private and corporate customers through a variety of distribution channels, including the branch network (private customers), the business centres (entrepreneurs), phone banking, “self-banking” and on-line banking.

Network Banking operates essentially in the Benelux countries, France, Poland and Hong Kong. Outside these preferential areas, this business line conducts a niche strategy centred on wealthy private customers, who benefit from an entirely personalised approach.

#### **Merchant Banking**

The activities of Merchant Banking focus on the institutional customers and have adopted a multi-service approach.

Merchant Banking is composed of 4 business lines:

##### *Global Markets*

Global Markets offers services to institutional investors and to medium-sized enterprises and corporates. Its activities are organised in specialised units, which operate on the money, fixed-yield securities and derivatives markets. Operations are carried out in the dealing room, where the following activities, among others, are performed:

- Trading or position-taking on the financial markets on behalf of Fortis Bank;
- Sale of financial products to customers who have direct access to the dealing room;

- Research or market analysis with a view to discovering opportunities and support of these two activities.

Global Markets also acts as adviser and executive agent for other Fortis companies.

Outside the EMU, Fortis Bank has dealing rooms in New York, Hong Kong and London, each with its own sales and trading activities. For the EMU countries, Fortis Bank also has three complete dealing rooms (i.e. where sales, trading and research are carried out) in Amsterdam, Brussels and Luxembourg. Depending on the customer requirements, other rooms are active (especially in Singapore, Paris, Cologne, Madrid, Milan, Lisbon, Oslo, etc.), but they concentrate on sales activities. As regards trading (listings), these units mainly call on Brussels, where market risk management and processes are also centralised.

Brokerage activities in stocks and derivatives on behalf of Fortis Bank and institutional customers, as well as financial analysis of listed companies are made by Global Markets.

#### *Corporate and Investment Banking*

This business line focuses on institutional investors and corporates, for which it covers a group of specialised activities in the venture capital field (equities).

The Corporate Finance & Capital Markets (CFCM) branch is active on the capital markets and in the field of financial packages. Stock exchange admissions, financial advice to corporates and customer monitoring with respect to mergers and acquisitions are among its most important assignments. CFCM has a cross-border organisation, based on specialisation by economic sectors.

#### *Global Private Equity*

Private Equity supplies venture capital and private funds to companies not listed on the stock exchange, which are seeking external or internal growth, a buy-out or a replacement of family shareholders at any stage of development. Private Equity supplies own capital as a minority shareholder in a united, secure partnership with a view to ensuring the continuity of all phases in the development of the project. The investments are concentrated essentially on technological and traditional developments with a promising growth potential on the international market.

Apart from direct investments, the group also invests by taking stakes in the form of specialised funds (“seed capital funds”, “sector funds”, etc.). In most cases, participation in these funds is linked to joint management of the funds.

#### *Institutional Banking and OnShore Fund Services*

This business line is responsible for relations with financial institutions all over the world. It is also responsible for monitoring sovereign and banking risks, ensuring that the other Fortis business lines have trading relations and credit facilities necessary for their activities and exploring commercial opportunities all over the world which are available to the various businesses of Fortis Bank. In so doing, it acts as “facilitator” between the business lines and other financial institutions.

### **Private Banking, Asset Management and Information Banking**

These 3 business lines operate within one and the same “Business” and in this way combine their investment and structuring skills.

#### *Private Banking*

Within Fortis Bank, the Private Banking business line is specialised in the management of movable assets valued in excess of one million euros.

Private Banking offers private individuals, foundations, associations and asset companies, in the context of a long-term relationship, integrated services with high added value in the field of management, structuring, financing and asset protection. By combining state-of-the-art international skills, Private Banking endeavours to devise the right formula for each customer and to structure it in the appropriate legal and tax framework.

The Fortis international network is present in the main financial centres of the world, allowing a response to be made to the challenges of globalisation and ensuring efficient asset management by seizing the opportunities afforded by the various markets.

Within Fortis Bank, Private Banking activities are carried out under the MeesPierson and BGL label. Within Fortis, Belgolaise and Theodoor Gilissen Bankiers are also active in private banking.

#### *Asset Management*

Fortis Investment Management (FIM) is the legal entity which houses the Asset Management business line of Fortis Bank. FIM takes care of the management of institutional investors' assets and offers services to fund managers, retail networks and private investors. As regards investment funds, FIM is among the ten largest management companies in Europe and is developing its activities through its offices in Brussels, Utrecht, Paris, Boston and Hong Kong. FIM is also the first European company to have been awarded a licence in 2000 allowing it to offer asset management services on the Chinese market.

#### *Information Banking*

Information Banking offers an integrated supply of information services for investors. The business line deals with the administrative processing of all forms of transactions on the capital and money markets. It also offers support for any problems regarding financial logistics and risk management. Finally, Information Banking deals with financing and borrowing and lending of securities with a view to increasing the yield of a securities portfolio.

The business line is intended for financial professionals, such as pension funds, insurance companies, investment managers, investment funds and traders managing international investment portfolios. Banks and brokers all over the world can also call on its services as local depository for their investment securities in the Benelux countries.

Fortis Bank is the first European bank to present a full range of services in Information Banking. The business is represented on the major financial markets, such as Amsterdam, Brussels, Luxembourg, Dublin, London, Frankfurt, Hong Kong, the Cayman Islands, Curacao and the Bahamas.

Information Banking also acts as depository for assets of the entire Fortis group.

## **4. FORTIS**

The Guarantor is approximately 99 per cent. owned by Fortis.

Fortis is an international financial group established in December 1990 through the merger of the operating activities of the AG Group in Belgium and the AMEV/VSB Group in The Netherlands. Legally, the group has two parent companies, Fortis SA/NV and Fortis N.V., each of which owns 50 per cent. of both Fortis Brussels SA/NV and Fortis Utrecht N.V. Since the end of 2001, the formerly listed Fortis (B) and Fortis (NL) shares have been replaced by a single new Fortis share. This share is a 'twinned' equity holding in each of what are now the parent companies, Fortis SA/NV and Fortis N.V., with the associated voting, dividend and other rights. Fortis is listed on the exchanges of Amsterdam, Brussels and Luxembourg and has a sponsored ADR programme in the United States.

Fortis is an international financial services provider active in the fields of insurance, banking and investment. With a market capitalisation of EUR 18 billion and around 69,000 employees, Fortis ranks in the top 20 of European financial institutions. In its home market, the Benelux countries, Fortis occupies a leading position and offers a broad range of financial services to individuals, companies and the public sector. Outside its home market, Fortis concentrates on selected market segments.

The activities of Fortis are organised in six businesses. The three insurance businesses are divided geographically, while the three banking businesses are organised according to specialisation (and hence are transnational by nature).

Each of these intensely customer-orientated businesses develops specific products and services for its target group. The underlying principle is that our product and service offering must be available to the customer through a variety of channels at all times. By giving the different businesses more autonomy, and by speeding up decision-making processes at the same time, we are able to meet our customers' requirements more effectively and more rapidly.

## **Insurance Netherlands**

Fortis has a strong presence in both the life and non-life insurance markets in the Netherlands where it sells insurance through intermediaries. Its brands include AMEV, Stad Rotterdam Verzekeringen, De Amersfoortse and De Europeesche.

## **Insurance Belgium and International**

Fortis AG, one of Belgium's leading insurance companies, offers both life and non-life insurance through intermediaries. In other European countries and Asia, Fortis concentrates on specific market segments.

## **Insurance United States**

Fortis has adopted a niche strategy in the United States. Its goal is to achieve a leading position in specific market segments, e.g. credit-related products and services, funeral insurance, health insurance and employee benefits. Assurant Group, Fortis Health, Fortis Benefits and Fortis Family all operate in market segments that offer good opportunities for profitable growth.

## **Network Banking**

Network Banking provides financial services to retail customers and to small and medium-sized enterprises and corporates. As far as retail customers are concerned, the business focuses on the Benelux countries, where it has a leading market position. It operates business centres in major European cities that offer cross-border services to mid-sized companies. Network Banking also provides specialised services to large companies in certain selected industries.

## **Merchant Banking**

This business provides institutional customers, medium-sized and large enterprises and banks with services involving Financial Markets, Investment Banking and Private Equity. Merchant Banking has a leading position in the Benelux region as a facilitator of mergers and acquisitions, market flotations and capital market transactions.

## **Private Banking, Asset Management & Information Banking**

The core activities of Private Banking, which operates under the names of MeesPierson and Banque Générale du Luxembourg, concern investment, structuring and financing for wealthy customers. Fortis Investment Management offers asset management services to institutional investors, along with a wide variety of investment funds. Information Banking is the first in Europe to offer its customers a complete service package.

## **5. STRATEGY AND POLICY**

As for Fortis, the bank's strategy is based on the following objectives:

- to improve our performance in our home market;
- to develop growth platforms in Europe in the field of asset gathering;
- to expand our activities in the United States and Asia that offer strong growth potential or that enable us to develop skills that can be used in our home market.

The divestment of non-profitable activities and enhancement of transparency form an integral part of the corporate strategy.

## **6. CAPITAL ADEQUACY – RATING**

The Basle Committee on Banking Regulations and Supervisory Practices (the "Basle Committee") has developed guidelines for the measurement of capital adequacy of international banking organisations. These guidelines set minimum capital adequacy ratios of 4 per cent. for Tier 1 capital and 8 per cent. for total capital (Tier 1 and 2). The table below sets out the Tier 1 and total capital ratios which come from the Fortis Group's annual accounts in accordance with Fortis Group's accounting principles for the Generale Bank and ASLK-CGER Bank, now merged into Fortis Bank:



	<b>31 December</b>		
	<b>1999</b>	<b>2000</b>	<b>2001</b>
Tier 1 capital ratio.....	7.6%	7.3%	8.5%
Total capital ratio .....	12.2%	11.8%	13.5%

## **7. MANAGEMENT, DECISION-MAKING AND SUPERVISION**

Decision-making and management functions at Fortis Bank are divided between the Management Committee and the Board of Directors.

The management of Fortis Bank is the exclusive responsibility of the Management Committee, which consists of a number of managing directors and operates within the framework of the general policy outlined by the Board of Directors.

The Board of Directors is responsible for the supervision of the management and control of the financial position of Fortis Bank, and for defining the general policy. The Board is able to nominate and discharge the members of the Management Committee within the limits of the Protocol on the banking autonomy.

### **Management of the Bank**

#### *Board of Directors*

Anton van Rossum	Chairman
Herman Verwilt	Chairman of the Management Committee
Jean-Pierre Cardinael	Managing Director
Karel De Boeck	Managing Director
Filip Dierckx	Managing Director
Patrick Evrard	Managing Director
Joop Feilzer	Managing Director
Gilbert Mittler	Managing Director
Christian Schaack	Managing Director
Jean-Jacques Verdickt <sup>(1)</sup>	Managing Director
Christian Basecq	Director
Jozef De Mey	Director
Carlo De Swart <sup>(2)</sup>	Director
Victor Goedvolk	Director
Walter Mersch	Director
Jean Meyer	Director
Jean Stephenne	Director
Robert van Oordt	Director
Michel van Pée	Director
Luc Vansteenkiste	Director

#### *Management Committee*

Herman Verwilt  
Jean-Pierre Cardinael  
Karel De Boeck  
Filip Dierckx  
Patrick Evrard  
Joop Feilzer  
Gilbert Mittler  
Christian Schaack  
Jean-Jacques Verdickt<sup>(1)</sup>

(1) Fortis Bank director Jean-Jacques Verdickt has notified the Management Committee that he wishes to resign his executive position. That will mean a change in the responsibilities of the eight management committee members remaining on 1 January 2003.

(2) Mr. Carlo De Swart will be replaced as a Board member by Jacques van Ek on 1 January 2003.

#### *Accredited Statutory Auditors*

PricewaterhouseCoopers, Réviseurs d'Entreprises S.C.C., represented by Daniel Van Woensel, Partner.  
Klynveld Peat Marwick Goerdeler Réviseurs d'Entreprises S.C.C., represented by Virgile Nijis, Partner.

## 8. RECENT DEVELOPMENTS OF FORTIS

Fortis posted a solid operating performance for the three quarters of 2002 but announced a net loss due to lower market value of the equity portfolio.

Fortis achieved a solid performance in the first nine months of the year. Excluding realised capital gains net operating profit rose 3 per cent. relative to the first three quarters of 2001 — Fortis's strongest nine-month period ever. However, due to the exceptional developments in the equity markets worldwide, as from mid-July the market value of the equity portfolio fell below its original cost for the first time in the history of Fortis. The difference was taken to the profit and loss account per 30 September, the market low, due to which Fortis closed the first three quarters of 2002 with a net loss of EUR 87 million.

Fortis expects net operating profit for the full year, excluding the value adjustment on the equity portfolio, to develop in line with the first three quarters.

Given the outlook as at 22 November 2002, the continued strong solvency of Fortis, and barring unforeseen circumstances, the Board of Directors of Fortis has the intention to propose paying a dividend on a par with that paid in 2001.

	<b>First three quarters 2002 (in EUR million)</b>	<b>Changes relative to 2001</b>
Net Operating Profit before realised capital gains . . . . .	1,610	+3%
Net Operating Profit after realised capital gains . . . . .	1,909	-8%
Value adjustment of the equity portfolio . . . . .	(2,125)	
Net Operating Profit after value adjustment of the equity portfolio . . . . .	(216)	
Non Operating Items . . . . .	129	
Net profit . . . . .	(87)	

### Main developments first three quarters

- Net operating profit\* excluding realised capital gains of EUR 1,610 million (+3 per cent.); EUR 1,909 million (-8 per cent.) including realised capital gains
- Net operating profit Banking +2 per cent.; 8 per cent. cost reduction; cost-income ratio 60.5 per cent.
- Technical results Life +15 per cent.; Non-Life +17 per cent.
- Total costs for Fortis as a whole 4 per cent. lower
- Value adjustment of the equity portfolio at the end of September led to net loss of EUR 87 million
- Unrealised capital losses on the equity portfolio EUR 1.5 billion on 15 November 2002 (EUR 0.6 billion better than at the end of September 2002)
- Strong solvency position: EUR 8.1 billion above legally required minimum on 15 November 2002

\*This and every other reference to net operating profit in this report take no account of the value adjustment of the equity portfolio.

Despite the decline in the market value of the equity investments, Fortis's **solvency** remains as strong as ever. Equity investments account for only 8 per cent. of the total investment portfolio. On 30 September 2002 Fortis's net core capital amounted to EUR 17.3 billion, which is EUR 7.5 billion (77 per cent.) above the legally required minimum of EUR 9.8 billion. The surplus relative to Fortis's own floor came to EUR 1.8 billion (11 per cent.). Based on the share prices prevailing on 15 November 2002, net core capital exceeds the legally required minimum by EUR 8.1 billion (83 per cent.), and Fortis's own floor by EUR 2.4 billion (15 per cent.). This is a conservative calculation of net core capital, as it does not include unrealised capital gains on the bond portfolio (EUR 3.6 billion on 30 September 2002, EUR 3.0 billion on 15 November 2002) nor goodwill, nor embedded value elements.

On 30 September 2002 the tier-1 ratio in Banking came to 8.7 per cent. (8.5 per cent. on 31 December 2001).

The **solid operating performance** of the first half of 2002 continued in the third quarter. Despite the weak economic conditions, Fortis turned in a solid operating performance. Fortis combines the stability of a big company and the flexibility needed to adjust adequately to changing circumstances. Thanks to its diversified activities Fortis has been able to respond promptly to the changing economic environment. Net operating

profit excluding realised capital gains was 4 per cent. higher for both Banking and Insurance than it was in the first three quarters of 2001. (Due to Fortis's portfolio valuation approach, the value adjustment of the equity portfolio is not allocated per activity or business, but is accounted for in the net operating profit at group level).

In Banking total **revenue** after deduction of interest expenses fell by 4 per cent. Higher net interest income was offset by lower market-related income, such as commission income. In **Insurance**, gross premium income declined by 7 per cent. to EUR 15,594 million, particularly due to the drop in sales of unit-linked insurance.

Total **costs** for Fortis remained well under control in the past nine months and fell 4 per cent. Costs in Banking continued to develop favourably and ended up 8 per cent. lower than in the first three quarters of 2001, partly owing to the numerous cost-saving measures taken. The integration of the branch networks in Belgium and the Netherlands is on track. In addition, Fortis has reacted adequately to the adverse market conditions, by means of continued streamlining of its activities, in particular those in Merchant Banking, Asset Management and Private Banking. The cost-income ratio was reduced to 60.5 per cent. at the end of the third quarter of 2002, from 63.6 per cent. on 30 September 2001. Relative to 31 December 2002, the number of FTEs in Banking was reduced by 1,964 to 40,145 (-5 per cent.). This means that the targeted personnel reduction for 2002 has almost been achieved. The number of FTEs in Insurance in the Benelux region remained unchanged organically from the end of last year (costs +3 per cent.). Due to the expansion of activities in the United States and the acquisition of Bernheim Comofi (1,491 FTEs), the total number of FTEs in Insurance rose from 23,803 on 31 December 2001 to 25,467 on 30 September 2002. Total costs in Insurance were up 7 per cent.

In Banking the dotation to the **provision for credit risks** attached to lending in the first three quarters of 2002 came to EUR 392 million. In the third quarter Fortis observed a negative development in its lending to customers, which development may continue in the fourth quarter. For 2002 as a whole, the dotation to the provision for credit risks should not exceed that of full-year 2001 (EUR 667 million).

Having issued updates in July and August, Fortis on 2 October 2002 provided insight into the **value movements of its equity portfolio** in the third quarter and the implications for its solvency position. Due to the highly exceptional stock market developments the value of the equity portfolio from mid-July fell below its original cost for the first time in the history of Fortis. At the market low on 30 September 2002 the difference between the market value and the original cost amounted to EUR 2.1 billion (after tax). The difference was taken to the profit & loss account through an adjustment of the net operating profit. Based on the share prices prevailing on 15 November 2002 the difference would already have fallen to EUR 1.5 billion.

## Key figures

	<b>First three quarters 2002</b>	<b>First three quarters 2001</b>	<b>Increase in %</b>
<b>Fortis</b>			
Net operating profit excluding realised capital gains . . . . .	1,610	1,568	3
Net operating profit <sup>(1)</sup> . . . . .	1,909	2,070	(8)
Net operating profit including value adjustment of the equity portfolio . . . . .	(216)	2,070	
Net profit . . . . .	(87)	2,506	
Net equity . . . . .	10,589	13,845 <sup>(1)</sup>	(24)
Return on equity (%) . . . . .		21.7	
Total assets under management . . . . .	284,200	316,106 <sup>(1)</sup>	(10)
<b>Banking</b>			
Net operating profit excluding realised capital gains . . . . .	933	896	4
Net operating profit <sup>(3)</sup> . . . . .	1,200	1,179	2
Cost/income ratio (%) <sup>(4)</sup> . . . . .	60.5	63.6	
FTEs (end of reporting period) . . . . .	40,145	42,109 <sup>(1)</sup>	(5)
Tier-1 ratio (in%) . . . . .	8.7	8.5 <sup>(3)</sup>	

	<b>First three quarters 2002</b>	<b>First three quarters 2001</b>	<b>Increase in %</b>
<b>Insurance</b>			
Technical result Life.....	620	538	15
Technical result Non-Life.....	434	371	17
Net operating profit excluding realised capital gains.....	811	780	4
Net operating profit <sup>(3)</sup> .....	855	999	(14)
FTEs (end of reporting period).....	25,467	23,803 <sup>(10)</sup>	7
<b>Key figures per share (in EUR)</b>			
Net operating profit <sup>(1)</sup> .....	1.47	1.60	(8)
After full conversion <sup>(1)(5)</sup> .....	1.45	1.57	(8)
Net profit.....	(0.07)	1.94	
After full conversion <sup>(5)</sup> .....	(0.07)	1.89	
Net equity.....	8.17	10.70 <sup>(1)</sup>	(24)

(1) This and every other reference to net operating profit in this report take no account of the value adjustment of the equity portfolio.

(2) Due to Fortis's portfolio valuation approach, the value adjustment of the equity portfolio is not allocated per activity or business, but is accounted for in the net operating profit at group level. All references made hereafter to net operating profit therefore exclude the value adjustment of the equity portfolio.

(3) 2001 year-end.

(4) Including FB Insurance, net of leasing.

(5) After exercise of warrants and options and after full conversion of convertible bonds.

## Banking

The net operating profit excluding realised capital gains in the **banking business** totalled EUR 933 million, a 4 per cent. rise relative to the same period in 2001. The rise is attributable mainly to cost control. The total net operating profit including realised capital gains climbed 2 per cent. to EUR 1,200 million. On the income side, net interest income was up 3 per cent. The other income categories declined.

Net commission income fell 10 per cent. relative to the first three quarters of 2001. Income from financial transactions was down 14 per cent. Other income ended up 3 per cent. lower. This may be attributed in part to loss of income as a consequence of the sale of TOP Lease in the second quarter of 2002.

Costs in the banking business continued to develop favourably, ending 8 per cent. lower than in the first three quarters of 2001 thanks to a whole host of cost-saving measures. Labour costs fell by 2 per cent. thanks to staff cutbacks. Other costs were down 16 per cent. The cost-income ratio dropped from 63.6 per cent. on 30 September 2001 to 60.5 per cent. at the end of the third quarter of 2002.

The net operating profit in **Network Banking** was 14 per cent. higher than last year at EUR 1,009 million. In line with the planned staff cuts, the number of FTEs was reduced by 1,222 to 21,382 compared with year-end 2001. The integration of the branch network in Belgium and the Netherlands remains on track. In the first three quarters of 2002, the number of branches in Belgium (excluding the branches of Krediet aan de Nijverheid) was reduced by 179 to 1,738 compared with year-end 2001. In the Netherlands, the number of branches was reduced by 26 to 205. The expansion of the network of business centres outside the Benelux countries is proceeding according to plan; small and medium-sized businesses now have access to about 100 business centres in Europe. Fortis's customers are postponing investment, causing the number of credit applications to decline. Risk-weighted liabilities have stabilised as a result.

At FB Verzekeringen gross premium income fell by 39 per cent. to EUR 1,267 million relative to the first three quarters of 2001. The drop in gross premiums in Life, to EUR 1,144 million, may be attributed almost entirely to the decline in sales of unit-linked products. Sales of other products have remained stable.

**Merchant Banking's** net operating profit totalled EUR 211 million in the first three quarters of 2002. This is a 37 per cent. decline on the exceptional year 2001. The third quarter showed a particularly sharp fall. This performance is due to a combination of adverse market conditions and seasonal effects. Market-related activities were negatively affected by the bearish and volatile stock markets. Nevertheless, Merchant Banking's gross results remained positive in the third quarter. Services provided for institutional investors

and client-centred activities contributed positively to results, but to a lesser extent than in the previous quarter. Since 31 December 2001 the number FTEs declined by 62 to 2,673.

In the third quarter, **Fortis Investment Management** (FIM) continued to make major progress in strengthening its internal organisation. An investment centre structure, made up of small, specialist groups focusing on one core product, was firmly established and the quality of the product range has been improved by several key hires in both the investment and marketing divisions. Expansion in pan-European third-party business has continued at a fast pace and the new commercial offices in Austria and Germany have reported their first encouraging results.

At the end of the third quarter of 2002, FIM recorded revenue growth of EUR 15 million to a total of EUR 168 million, which represents a 10 per cent. increase. FIM saw inflow of new cash to an amount of EUR 2.0 billion and was able to increase average return on assets, while keeping costs stable. Assets under management decreased to EUR 70.0 billion on 30 September 2002 from EUR 79.4 billion at the end of 2001. The 11 per cent. fall is due entirely to market developments. Since 31 December 2001, the number of FTEs decreased by 78 to 610. Net operating profit rose 18 per cent. to EUR 39 million.

**Private Banking's** net operating profit stabilised at EUR 73 million in the first three quarter of 2002, despite the severe economic slowdown in the third quarter 2002. This development was mainly fuelled by further substantial cost savings as well as strategic initiatives focusing on non-cyclical income. The newly introduced high value-added services, such as specific Private Banking interest products and Trust operations, provided a stable revenue basis. In addition, the speedy implementation of the new management structure has facilitated the swift implementation of cross-border priorities and policies, both on the income and on the cost side.

Falling share prices depressed the value of assets under management on behalf of individuals by 15 per cent. to EUR 50.5 billion at the end of September 2002.

Relative to 2001 year-end the number of FTEs increased by 271 to 2,617. A further reduction of FTEs in the Netherlands among other countries was offset by an FTE increase due to the acquisition of Intertrust.

### Key figures Banking by quarter

	2002			2001	
	third quarter	second quarter	first quarter	fourth quarter	third quarter
	(in EUR million)				
Net interest income . . . . .	1,078.7	1,136.8	1,143.4	1,141.7	1,097.9
Commissions and fees . . . . .	448.3	478.8	469.9	422.4	512.2
Results from financial transactions . . .	207.0	240.1	468.7	(67.3)	223.2
Other revenues . . . . .	177.4	186.3	205.0	309.3	173.7
<b>Total revenues. Net of interest expense</b> . . . . .	1,911.4	2,042.0	2,287.0	1,806.1	2,007.0
Value adjustments . . . . .	(154.8)	(216.1)	(42.8)	(369.7)	(93.4)
Staff costs . . . . .	(740.7)	(738.0)	(747.3)	(734.7)	(784.9)
Other operating expenses . . . . .	(440.9)	(498.7)	(531.8)	(550.2)	(583.8)
Cost of assets held for lease . . . . .	(66.4)	(61.5)	(92.7)	(102.3)	(85.6)
<b>Operating results before taxation</b> . .	508.6	527.7	872.4	49.2	459.3
Taxation . . . . .	(228.6)	(161.7)	(269.2)	25.8	(189.7)
Minority interests . . . . .	15.7	16.8	16.9	15.3	16.5
<b>Net operating profit</b> . . . . .	264.3	349.2	586.3	59.7	253.1
Non-operating items after taxation . . .	89.6	39.3	18.7	(34.2)	
<b>Net profit</b> . . . . .	353.9	388.5	605.0	25.5	253.1

### Solvency

Despite the decline in the value of equity investments, Fortis's solvency remains as strong as ever. Equities represent no more than 8 per cent. of the total investment portfolio. On 30 September 2002, Fortis's net core capital stood at EUR 17.3 billion, EUR 7.5 billion (77 per cent.) in excess of the legally required minimum of EUR 9.8 billion and EUR 1.8 billion (11 per cent.) ahead of Fortis's own floor of EUR 15.5 billion.

Based on the share prices prevailing on 15 November 2002, Fortis's net core capital would remain EUR 8.1 billion (83 per cent.) above the legally required minimum and EUR 2.4 billion (15 per cent.) ahead of its own floor.

Fortis's net core capital is based on a conservative calculation and does not include unrealised capital gains on the bond portfolio (EUR 3.6 billion on 30 September 2002, EUR 3.0 billion on 15 November 2002), nor goodwill and embedded value elements. The tier-1 ratio of the banking business stood at 8.7 per cent. on 30 September 2002 (8.5 per cent. on 31 December 2001).

### Fortis solvency

	<b>30 September 2002</b>	<b>30 June 2002</b>
	<b>(in EUR billion)</b>	
Net core capital.....	17.3	19.4
Legally required minimum <sup>(1)</sup> .....	9.8	10.3
Surplus above minimum.....	7.5	9.1
Surplus above minimum (in %).....	77	88
Fortis's floor <sup>(2)</sup> .....	15.5	16.5
Surplus above floor.....	1.8	2.9
Surplus above floor (in %).....	11	17

<sup>(1)</sup> 4% Tier I for banking activities and 100% of minimum required solvency for insurance activities.

<sup>(2)</sup> 6% Tier I for banking activities and 175% of minimum required solvency for insurance activities.

### Net core capital

	<b>30 September 2002</b>
	<b>(in EUR billion)</b>
Net equity.....	10.6
Minority interests (excl. hybrids).....	0.4
Fund for General Banking Risks.....	2.2
FRESH capital securities.....	1.2
Other hybrids <sup>(1)</sup> .....	2.9
Total.....	<u>17.3</u>

<sup>(1)</sup> This concerns deeply subordinated debts that at redemption date may either be reimbursed or kept as debt but at higher yields in case of the latter.

## 9. CAPITALISATION AND INDEBTEDNESS OF THE GUARANTOR

The unaudited capitalisation and indebtedness of Fortis Bank as at 30 June 2001 and 30 June 2002 and the audited capitalisation and indebtedness of Fortis Bank as at 31 December 2001 are set forth below on a consolidated basis:

	<b>As at 30 June 2001</b>	<b>As at 31 December 2001</b>	<b>As at 30 June 2002</b>
	<i>(in millions of EUR)</i>		
<b>Shareholders' Equity</b>			
Share capital <sup>(1)</sup> .....	3,112	3,112	3,112
Share premium account .....	4,875	4,875	4,875
Reserves and accumulated profit .....	1,505	889	1,832
Translation differences .....	68	48	0
<b>Total Shareholders' Equity</b> .....	<u>9,560</u>	<u>8,923</u>	<u>9,818</u>
Contingency Reserve .....	1,657	1,740	1,733
<b>Long Term Debt</b> <sup>(2)</sup>			
Subordinated liabilities .....	9,392	10,437	10,046
Unsubordinated liabilities .....	<u>35,515</u>	<u>40,870</u>	<u>39,683</u>
<b>Total Long Term Debt</b> .....	<u>44,907</u>	<u>51,307</u>	<u>49,729</u>
<b>Total capitalisation</b> .....	<u><u>56,124</u></u>	<u><u>61,970</u></u>	<u><u>61,280</u></u>

### Notes

(1) As at the date of this Offering Circular, the issued and paid-up share capital amounted to EUR 3,111,838,861 and was represented by 160,404,065 no-par-value ordinary shares.

(2) Since 30 June 2002, Fortis Bank guaranteed the following new issues made by Fortis Luxembourg Finance S.A. or Fortis Ifico (which as at the date of this Offering Circular is no longer an issuer under the Programme):

EUR 15,000,000 7.5% Dow Jones EURO STOXX 50<sup>SM</sup> Index Linked Notes due 3 July 2006

EUR 15,000,000 11% Reverse Convertible Notes into Société Générale shares due 6 August 2004

EUR 15,000,000 12.5% Reverse Convertible Notes into ABN AMRO HOLDING N.V. shares due 17 December 2004

USD 5,000,000 Accrual Floating Rate Notes due 12 August 2004

USD 20,000,000 Floating Rate Notes due 21 February 2005

USD 10,000,000 Floating Rate Notes due 22 August 2004

USD 5,000,000 Credit Linked Notes due 26 March 2003

Save as disclosed in the notes above, there has been no material change in the capitalisation or indebtedness of the Guarantor since 30 June 2002 except for the fact that the Board of Directors of the Guarantor decided on 15 November 2002 to distribute an interim dividend to the Shareholders amounting to EUR 898,262,764.00.

**10. SELECTED FINANCIAL INFORMATION: EXTRACT FROM THE CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTS OF THE GUARANTOR**

Audited consolidated 2000 and 2001 accounts of FORTIS BANK nv-sa.

1. *Balance Sheet after Appropriation*

		<b>31 December 2001</b>	<b>31 December 2000</b>
		<i>(in thousands of EUR)</i>	
<b>ASSETS</b>			
I.	Cash in hand, balances with central banks and giro offices.....	101.000 1,274,637	1,776,443
II.	Government securities eligible for refinancing at the central bank.....	102.000 5,462,317	5,902,403
III.	Amounts receivable from credit institutions.....	103.000 65,403,669	64,811,019
	A. <i>At sight</i> .....	103.100 6,033,441	3,757,522
	B. <i>Other amounts receivable (at fixed term or period of notice)</i> .....	103.200 59,370,228	61,053,497
IV.	Amounts receivable from customers.....	104.000 158,377,169	144,655,906
V.	Bonds and other fixed-income securities.....	105.000 99,459,858	82,794,661
	A. <i>Of public issuers</i> .....	105.100 71,121,409	53,536,639
	B. <i>Of other issuers</i> .....	105.200 28,338,449	29,258,022
VI.	Corporate shares and other variable-income securities.....	106.000 8,722,655	5,224,785
VII.	Financial fixed assets.....	107.000 2,841,567	3,025,502
	A. <i>Companies valued by equity method</i>		
	1. <i>Participating interests</i> .....	107.100 1,252,404	1,261,556
	2. <i>Subordinated loans</i> .....	107.200 17	
	B. <i>Other companies</i>		
	1. <i>Participating interests and shares</i> .....	107.300 1,571,881	1,752,219
	2. <i>Subordinated loans</i> .....	107.400 17,265	11,727
VIII.	Formation expenses and intangible fixed assets..	108.000 158,436	202,307
IX.	Consolidation differences.....	109.000	
X.	Tangible fixed assets.....	110.000 4,131,100	3,596,464
XI.	Own shares.....	111.000	
XII.	Other assets.....	112.000 7,186,320	3,853,237
XIII.	Deferred charges and accrued income.....	113.000 18,540,530	16,248,747
	<b>TOTAL ASSETS</b> .....	<b>199.000 371,558,258</b>	<b>332,091,474</b>



		<b>31</b>	<b>31</b>	
		<b>December</b>	<b>December</b>	
		<b>2001</b>	<b>2000</b>	
		<i>(in thousands of EUR)</i>		
<b>LIABILITIES</b>				
I.	Amounts payable to credit institutions	201.000	94,465,741	93,660,101
	A. <i>At sight</i> . . . . .	201.100	5,347,427	8,904,585
	B. <i>Resulting from refinancing by rediscounting of trade bills</i> . . . . .	201.200	80,004	104,900
	C. <i>Other amounts payable at fixed term or period of notice</i> . . . . .	201.300	89,038,310	84,650,616
II.	Amounts payable to clients . . . . .	202.000	187,843,058	157,177,317
	A. <i>Savings deposits</i> . . . . .	202.100	31,142,477	30,057,254
	B. <i>Other amounts payable</i> . . . . .	202.200	156,700,581	127,120,063
	1. <i>At sight</i> . . . . .	202.201	62,340,673	55,594,502
	2. <i>At fixed term or period of notice</i> . . . . .	202.202	94,356,946	71,524,455
	3. <i>Resulting from refinancing by rediscounting of trade bills</i> . . . . .	202.203	2,962	1,106
III.	Amounts payable represented by a security . . . . .	203.000	40,870,311	37,931,221
	A. <i>Bills and bonds in circulation</i> . . . . .	203.100	24,862,352	26,494,471
	B. <i>Other</i> . . . . .	203.200	16,007,959	11,436,750
IV.	Other amounts payable . . . . .	204.000	6,188,348	5,334,116
V.	Accrued charges and deferred income . . . . .	205.000	18,063,770	15,443,525
VI.	Provisions for risks and charges, deferred taxes . . . . .	206.000	2,249,968	2,433,740
	A. <i>Provisions for risks and charges</i> . . . . .	206.100	2,082,978	2,232,102
	1. <i>Pensions and similar obligations</i> . . . . .	206.101	484,880	577,472
	2. <i>Fiscal charges</i> . . . . .	206.102	22,262	14,557
	3. <i>Other risks and charges</i> . . . . .	206.103	1,575,836	1,640,073
	B. <i>Deferred taxes</i> . . . . .	206.200	166,990	201,638
VII.	Fund for general banking risks . . . . .	207.000	1,740,348	1,569,648
VIII.	Subordinated amounts payable . . . . .	208.000	10,437,247	9,126,564
	<b>SHAREHOLDERS' EQUITY</b> . . . . .		<b>8,923,373</b>	<b>8,623,313</b>
IX.	Capital . . . . .	209.000	3,111,838	3,111,838
	A. <i>Subscribed capital</i> . . . . .	209.100	3,111,838	3,111,838
	B. <i>Uncalled capital</i> . . . . .	209.200		
X.	Share premiums . . . . .	210.000	4,874,776	4,874,776
XI.	Revaluation surpluses . . . . .	211.000		
XII.	Reserves and profit brought forward . . . . .	212.000	888,839	600,340
XIII.	Consolidation differences . . . . .	213.000		
XIV.	Exchange differences . . . . .	214.000	47,920	36,359
XV.	<b>THIRD PARTY INTERESTS</b> . . . . .	215.000	776,094	791,929
	<b>TOTAL LIABILITIES</b> . . . . .	299.000	371,558,258	332,091,474

		<b>31</b>	<b>31</b>	
		<b>December</b>	<b>December</b>	
		<b>2001</b>	<b>2000</b>	
		<i>(in thousands of EUR)</i>		
<b>OFF-BALANCE SHEET ITEMS</b>				
I.	Contingent liabilities.....	301.000	42,779,382	30,497,928
	A. <i>Unnegotiated acceptances.....</i>	301.100	235,679	154,577
	B. <i>Guarantees in the nature of credit substitutes ..</i>	301.200	2,073,090	3,057,947
	C. <i>Other guarantees .....</i>	301.300	37,455,950	23,850,224
	D. <i>Documentary credits .....</i>	301.400	3,002,782	3,423,299
	E. <i>Assets pledged by secured guarantees on behalf of third parties.....</i>	301.500	11,881	11,881
II.	Commitments which can give rise to a credit risk	302.000	85,767,031	72,231,950
	A. <i>Firm commitments to make funds available ..</i>	302.100	10,495,038	3,751,611
	B. <i>Commitments in respect of spot purchases of transferable securities or other assets.....</i>	302.200	846,827	1,024,251
	C. <i>Available margin under confirmed credit lines</i>	302.300	74,161,313	67,118,759
	D. <i>Commitments to underwrite and place securities .....</i>	302.400	263,853	337,329
	E. <i>Repurchase commitments resulting from imperfect repurchase agreements.....</i>	302.500		
III.	Assets entrusted to the consolidated institutions	303.000	469,258,117	465,864,780
	A. <i>Assets held on an organised trusteeship basis .....</i>	303.100	4,505,688	3,709,037
	B. <i>Assets in safe custody and under similar arrangements .....</i>	303.200	464,752,429	462,155,743
IV.	To be paid upon corporate shares and units ....	304.000	72,090	232,792

## 2. Income Statement

	<b>31</b>	<b>31</b>
	<b>December</b>	<b>December</b>
	<b>2001</b>	<b>2000</b>
	<i>(in thousands of EUR)</i>	
I. Interest and similar revenues . . . . .	17,498,014	17,380,385
of which: from fixed-income securities . . . . .	5,019,731	4,989,632
II. Interest and similar charges . . . . .	(13,257,590)	(13,308,695)
III. Income from variable-income securities . . . . .	149,382	138,738
A. <i>Corporate shares and units and other variable-income securities</i> . . . . .	29,501	23,394
B. <i>Participating interests in affiliated enterprises</i> . . . . .	119,881	115,344
IV. Commission received . . . . .	2,547,181	2,705,090
V. Commission paid . . . . .	(572,974)	(529,694)
VI. Profit from (loss on) financial operations . . . . .	1,049,875	828,140
A. <i>Foreign exchange transactions and transactions in securities and other financial instruments</i> . . . . .	576,844	529,864
B. <i>Realisation of investment securities</i> . . . . .	473,031	298,276
VII. General administrative expenses . . . . .	(4,687,795)	(4,682,304)
A. <i>Wages and salaries, social charges and pensions</i> . . . . .	2,953,881	2,945,195
B. <i>Other administrative expenses</i> . . . . .	1,733,914	1,737,109
VIII. Depreciation of and amounts written off on formation expenses and intangible and tangible fixed assets . . . . .	(703,365)	(571,085)
IX. Write-back of amounts written off (Amounts written off ) on amounts receivable and provisions for headings "I. Contingent liabilities" and "II. Liabilities which may give rise to a credit risk" in the off-balance sheet section . . . . .	(543,662)	(297,608)
X. Write-back of amounts written off (Amounts written off) on the investment portfolio of bonds, shares and other fixed-income or variable-income securities . . . . .	22,511	(45,144)
XI. Uses and write-back of provisions for risks and charges other than those referred to by heading "I. Contingent liabilities" and "II. Liabilities which may give rise to a credit risk" in the off-balance sheet section . . . . .	246,528	282,483
XII. Provisions for risks and charges other than those covered by headings "I. Contingent liabilities" and "II. Liabilities which may give rise to a credit risk" in the off-balance sheet section . . . . .	(220,528)	(124,375)
XIII. Transfers from (Appropriation to) the fund for general banking risks . . . . .	(166,742)	(154,757)
XIV. Other operating income . . . . .	658,016	443,761
XV. Other operating charges . . . . .	(178,189)	(246,551)
XVI. Current profit (Current loss) before taxes . . . . .	<u>1,840,662</u>	<u>1,818,384</u>

Income Statement (continued)

	<b>31</b>	<b>31</b>	
	<b>December</b>	<b>December</b>	
	<b>2001</b>	<b>2000</b>	
	<i>(in thousands of EUR)</i>		
XVII.	Extraordinary income . . . . .	94,881	379,697
	A. <i>Write-back of depreciation and amounts written off on intangible and tangible fixed assets . . . . .</i>	239	51
	B. <i>Write-back of amounts written off on financial fixed assets. . . . .</i>	9,890	8,465
	C. <i>Write-back of provisions for exceptional risks and charges. . . . .</i>	250	27,469
	D. <i>Capital gains on disposal of fixed assets . . . . .</i>	81,311	328,760
	E. <i>Other extraordinary income . . . . .</i>	3,191	14,952
XVIII.	Extraordinary charges. . . . .	(426,607)	(33,962)
	A. <i>Extraordinary depreciation on and amounts written off on formation expenses, intangible and tangible fixed assets. . . . .</i>	55,640	9
	B. <i>Amounts written off on financial fixed assets . . . . .</i>	62,347	7,813
	C. <i>Provisions for extraordinary risks and charges. . . . .</i>	241,064	12,154
	D. <i>Capital losses on disposal of fixed assets . . . . .</i>	59,240	8,387
	E. <i>Other extraordinary charges. . . . .</i>	8,316	5,599
XIX.	Consolidated profit (Loss) for the year before taxes. . . . .	1,508,936	2,164,119
XX.	A. <i>Transfers to deferred taxes . . . . .</i>	(143,431)	(136,409)
	B. <i>Transfers from deferred taxes . . . . .</i>	134,651	77,334
XXI.	Taxes on result. . . . .	(479,272)	(557,229)
	A. <i>Taxes . . . . .</i>	(596,697)	(586,084)
	B. <i>Adjustment of income taxes and write-back of tax provisions . . . . .</i>	117,425	28,855
XXII.	Consolidated profit (Loss) of the year . . . . .	1,020,884	1,547,815
XXIII.	Part of the results of participating interests valued by equity method. . . . .	141,796	229,479
	A. <i>Profits . . . . .</i>	159,798	236,822
	B. <i>Losses . . . . .</i>	(18,002)	(7,343)
XXIV.	Consolidated profit . . . . .	1,162,680	1,777,294
XXV.	Third party interests . . . . .	61,674	114,303
XXVI.	Group profit. . . . .	1,101,006	1,662,991

# TAXATION

## Belgian Taxation

**Withholding tax.** Payment of interest and principal under the Notes by the Guarantor in its capacity as guarantor will not be subject to Belgian withholding tax, unless such payment is made through a financial institution or other intermediary established in Belgium. If it is so made, withholding tax may be levied at the rate of 15 per cent. subject to certain exemptions or reductions. Currently, exemptions are in particular available in the following circumstances, in each case subject to certain conditions and identification formalities:

- the Noteholder is a non-resident of Belgium, does not allocate the Notes to any professional activity in Belgium and keeps the Notes in custody with a financial institution established in Belgium;
- the Noteholder is a non-resident of Belgium, does not allocate the Notes to any professional activity in Belgium and has the benefit of a tax treaty which provides for such an exemption;
- the Noteholder is a resident of Belgium, or is a non-resident but holds the Notes through a permanent establishment in Belgium, and qualifies for an exemption of withholding tax by reason of its own tax status (e.g. financial institutions, corporate entities, etc). It should be noted that this last type of exemption is generally not available in respect of payments which relate to an original issue discount on Zero Coupon Notes.

If payment is made by the Guarantor in its capacity as principal debtor under Perpetual Notes further to the winding-up, liquidation or bankruptcy of the Issuer in accordance with Condition 10(c)(v) of the Notes, withholding tax may be also levied at the rate of 15 per cent., subject to certain limited exemptions or reductions.

**Income tax.** Noteholders who are residents of Belgium or hold the Notes through a permanent establishment in Belgium will be subject to Belgian income tax on the interest collected under the Notes and, depending on their tax status, on capital gains realised in respect of the Notes. Other Noteholders will not be subject to such Belgian income tax (save, as the case may be and as set out above, in the form of withholding tax).

**Stamp duties.** Subscriptions for or trades in respect of the Notes, if made through a financial intermediary established in Belgium, will be subject to stamp duties at the rates of 0.14 per cent. in the case of primary market subscriptions or 0.07 per cent. in the case of trades on the secondary market (subject in each case to a maximum amount of EUR 250 per transaction). Such stamp duty is not applicable, however, to Noteholders who are non-residents of Belgium or are qualifying institutional investors.

**Tax on the delivery of bearer instruments.** The physical delivery to investors (other than qualifying financial institutions) of Definitive Notes in bearer form will be subject to a tax of 0.2 per cent., if such delivery takes place in Belgium.

**Inheritance duties.** No Belgian inheritance duties will be levied in respect of the Notes if the deceased Noteholder was not a Belgian resident at the time of his or her death.

## Taxation in Luxembourg

The Issuer has been advised that under the existing laws of Luxembourg:

- (a) all payments of interest and principal by the Issuer under the Notes can be made free of withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein;
- (b) a holder of Note who derives income from such Note or who realises a gain on the disposal or redemption thereof will not be subject to Luxembourg taxation on income or capital gains unless:
  - (i) such holder is, or is deemed to be, resident in Luxembourg; or
  - (ii) such income or gain is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in Luxembourg;

- (c) Luxembourg net wealth tax will not be levied on a holder of a Note unless:
  - (i) such holder is, or is deemed to be, resident in Luxembourg for the purpose of the relevant provisions; or
  - (ii) such Note is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in Luxembourg;
- (d) Luxembourg gift or inheritance taxes will not be levied on the occasion of the transfer of a Note by way of gift by, or on the death of, a holder thereof unless:
  - (i) such holder is, or is deemed to be, resident in Luxembourg for the purpose of the relevant provisions; or
  - (ii) the transfer is construed as an inheritance or as a gift made by or on behalf of a person who, at the time of the gift or death, is, or is deemed to be, resident in Luxembourg for the purpose of the relevant provisions; or
  - (iii) such Note is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in Luxembourg; or
  - (iv) the gift is registered in Luxembourg, which is not mandatory;
- (e) there is no Luxembourg registration tax, capital tax, stamp duty or any other similar tax or duty (other than court fees and contributions for the registration with the Chamber of Commerce) payable in Luxembourg in respect of or in connection with the execution, delivery and enforcement by legal proceedings (including any foreign judgement in the courts of Luxembourg) of the Notes or the performance of the Issuer's obligations thereunder, except that in the case of court proceedings in a Luxembourg court or the presentation of the documents relative to the Notes to an "*autorité constituée*", such court or "*autorité constituée*" may require registration thereof, in which case the documents will be subject to registration duties depending on the nature of the documents and, in particular, a loan will be subject an *ad valorem* registration duty of 0.24 per cent. calculated on the amounts mentioned therein;
- (f) there is no Luxembourg value-added tax payable in respect of payments in consideration for the issue of the Notes or in respect of the payment of interest or principal under the Notes or the transfer of Notes, provided that Luxembourg value-added tax may, however, be payable in respect of fees charged for certain services rendered to the Issuer, if for Luxembourg value-added tax purposes such services are rendered, or are deemed to be rendered, in Luxembourg and an exemption from Luxembourg value-added tax does not apply with respect to such services;
- (g) a holder of a Note will not become resident, or deemed to be resident, in Luxembourg by reason only of the holding of such Note or the execution, performance, delivery and/or enforcement of that or any other Note.

#### **Proposed European Union Savings Directive.**

The European Union is currently considering proposals for a new directive regarding the taxation of savings income. Subject to a number of important conditions being met, it is proposed that Member States will be required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State, subject to the right of certain Member States to opt instead for a withholding system for a transitional period in relation to such payments. The proposals are not yet final, and they may be subject to further amendment and/or clarification.

## **PLAN OF DISTRIBUTION**

Subject to the terms and conditions contained in an Amended and Restated Distribution Agreement dated 16 December 2002 (the "Distribution Agreement") between the Issuer, the Guarantor and the Dealers named therein the Notes will be offered on a continuing basis by the Issuer through the Dealers. The Issuer will have the sole right to accept offers to purchase Notes and may reject any proposed purchase of Notes as a whole or, subject to the terms of the offer, in part. The Dealers shall have the right, in their discretion reasonably exercised, without notice to the Issuer, to reject any proposed purchase of the Notes made to them as a whole or, subject to the terms of the offer, in part. Unless otherwise agreed, the Issuer will pay a Dealer a commission of from 0.075 per cent. to 0.625 per cent. of the principal amount of the Notes, depending upon maturity, in respect of the Notes solicited for purchase by it. The Issuer, failing whom the Guarantor, has agreed to reimburse the Dealers for certain of their expenses incurred in connection with the establishment of the Programme and the Dealers' activity in connection therewith, as provided in the Distribution Agreement.

The Issuer may also sell Notes to the Dealers as principals, for their own accounts at a price to be agreed upon at the time of sale. Such Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer(s). The Distribution Agreement also provides for Notes to be issued in Tranches which may be jointly and severally underwritten by two or more Dealers.

The Issuer, failing whom the Guarantor, has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Distribution Agreement may be terminated in relation to all the Dealers or any of them by the Issuer and the Guarantor or, in relation to itself and the Issuer only, by any Dealer in any such case, and for any reason and at any time upon the giving of not less than 10 business days' written notice of such termination to the other parties hereto.

### **SELLING RESTRICTIONS**

#### **United States of America**

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 as amended (the "Securities Act") and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. Each of the Dealers has agreed that it will not offer, sell or deliver a Note in bearer form within the United States or to U.S. persons except as permitted by the Distribution Agreement.

Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Distribution Agreement, it will not offer, sell or deliver the Notes of any Tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the Issuer, or the Fiscal Agent, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes from that offering within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

#### **United Kingdom**

Each of the Dealers has represented and agreed that (i) in relation to Notes which have a maturity of one year or more, it has not offered or sold and will not offer or sell any such Notes to persons in the United Kingdom prior to the expiry of the period of six months from the issue date of such Notes except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in any offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995, (ii) in relation to any Notes having a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of

investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses, where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer, (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom and (iv) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not or, in the case of the Guarantor, would not, if it was not an authorised person, apply to the Issuer or the Guarantor.

### **Japan**

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan and, accordingly, each Dealer has undertaken that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any Japanese person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, “Japanese person” shall mean “any person resident in Japan, including any corporation or other entity organised under the laws of Japan.”

### **Federal Republic of Germany**

Each Dealer has confirmed that it is aware of the fact that no German selling prospectus (*Verkaufsprospekt*) has been or will be published with respect to the Programme and that such Dealer will comply with the Securities Selling Prospectus Act (the “SSPA”) of the Federal Republic of Germany (*Wertpapier-Verkaufsprospektgesetz*). In particular, each Dealer has undertaken not to engage in public offering (*öffentliches Anbieten*) or other selling activities in the Federal Republic of Germany with respect to any Notes issued under the Programme otherwise than in accordance with the SSPA and any other legislation replacing or supplementing the SSPA and all other applicable laws and regulations.

### **Republic of France**

The Issuer, the Guarantor and each Dealer has represented and agreed that, in connection with their initial distribution, it has not offered or sold and will not offer or sell, directly or indirectly, the Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Offering Circular or any other offering material relating to the Notes, and that such offers, sales and distributions have been and shall only be made in France to (i) qualified investors (*investisseurs qualifiés*) and/or (ii) a restricted group of investors (*cercle restreint d’investisseurs*), all as defined in and in accordance with Articles L411-1 and L411-2 of the Code monétaire et Financier and decree no. 98-880 dated 1 October 1998.”

### **The Netherlands**

- (l) Any Notes (including rights representing an interest in a Note in global form) issued by the Issuer under the Programme which are offered, as part of their initial distribution or by way of re-offering in The Netherlands shall, in order to comply with the Netherlands Securities Market Supervision Act 1995 (*Wet toezicht effectenverkeer 1995*, hereinafter the “SMSA”) only be offered:
  - (i) in the event that such Notes have been or are likely to be admitted to listing on the Official Segment of the stock market of Euronext Amsterdam N.V. (“Euronext”), provided that contractually binding offers in respect of the Notes (or any solicitation of such offers) are only made in respect of the Notes after Euronext Amsterdam N.V. has published the advertisement mentioned in article 47.7 of its Listing Rules or, if earlier, after the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*, hereinafter the “AFM”) has determined that a listing on Euronext is likely; or
  - (ii) subject to the proviso stated below, in the event that (a) such Notes have been admitted to the official listing on a stock exchange or have otherwise been publicly offered in another state which



is a party to the Treaty on the European Economic Area (hereinafter the “EEA”) and (b) this Offering Circular and the applicable Pricing Supplement have been submitted to and approved by, the competent authority as referred to in Article 20 or Article 21 of EC Directive 89/298/EEC and (c) the AFM has confirmed, where necessary, the availability of recognition in respect of such documents; or

- (iii) if such Notes have a denomination of at least Eur 45,378.02 or its equivalent in another currency, provided that if any such Notes are issued:
  - (1) at a discount, they may only be offered if their issue price is no less than EUR 45,378.02 (or its equivalent in another currency);
  - (2) on a partly-paid basis, they may only be offered if paid-up by their initial holders to at least such amount;
  - (3) with a denomination of precisely EUR 45,378.02 (or its equivalent in another currency), they may only be offered on a fully-paid basis and at par or at a premium; or
- (iv) to individuals or legal entities situated in The Netherlands who or which trade or invest in securities in the conduct of a business or profession (which includes banks, securities firms, insurance companies, pension funds, investment institutions, central governments, large international and supranational organisations, other institutional investors and other parties, including treasury departments of commercial enterprises, which are regularly active in the financial market in a professional manner), in which case:
  - (a) it must be made clear both upon making the offer and in any documents or advertisements in which a forthcoming offering of such Notes publicly announced (whether electronically or otherwise) that such offer is exclusively made to the said individuals or legal entities; and
  - (b) a copy of this Offering Circular and the applicable Pricing Supplement must be submitted to the AFM before the offer is made; or
- (v) (for a syndicated issue of Notes) if the following criteria are met:
  - (a) the Notes are subscribed for and placed by a syndicate of which at least two members are established in different states that are a party to the Treaty on the EEA; and
  - (b) 60 per cent. or more of the relevant issue amount of Notes is placed by syndicate members which are established in one or more states other than the jurisdiction of incorporation of the Issuer; and
  - (c) investors may only acquire the Notes being offered through the intermediary of a credit institution (registered with the Dutch Central Bank) or another financial institution which in the conduct of business or profession provides one or more of the services described in paragraphs 7 and 8 of the Annex 1 to the Banking Coordination Directive (2000/12/EC);provided that the Issuer and each relevant Dealer has further represented and agreed that it has not publicly promoted and shall not publicly promote (whether electronically or otherwise) the offer or sale of such Notes by conducting a generalised advertising or cold-calling campaign in The Netherlands; or
- (vi) if any other exemption from the prohibition contained in article 3 paragraph 1 of the SMSA applies or if the AFM has granted an (individual) dispensation from the above prohibition and the conditions attached to such exemption or dispensation are fully complied with.

Provided that in the case of (ii) above:

- (a) the Issuer, the Guarantor and the relevant Dealer or Dealers procure that any advertisements or document in which a forthcoming offering of Notes is publicly announced (whether electronically or otherwise) will be submitted to the AFM prior to publication thereof and will mention the respective dates on which the Offering Circular and the applicable Pricing Supplement were published and were made available or (as the case may be) will be published and will be made available for inspection at the registered office of the Issuer and at the office of the Fiscal Agent;

- (b) each relevant Dealer severally represents and agrees that prior to the submission of this Offering Circular (with the approval of the competent authorities) and the applicable Pricing Supplement to the AFM and the publication thereof is accordance with (a) above:
  - (i) it has not offered, transferred or sold any Notes and will not, directly or indirectly, offer, transfer or sell any Notes except to individuals or legal entities as referred to in (iv) above; and
  - (ii) either it has not distributed and will not distribute any offering or promotional materials in respect of the Notes (whether electronically or otherwise) or it has complied and will comply with the conditions under (iv)(a) and (b) above;

and each invitation telex and Pricing Supplement in respect of such Notes will set forth the restriction under (i) and (ii) above; and

- (c) if after the date of this Offering Circular new relevant facts occur or are discovered, Section 6 of the Decree on the Securities Market Supervision Act 1995 (*Besluit toezicht effectenverkeer 1995*) is complied with.
- (II) In addition and without prejudice to the relevant restriction set out under (I) above, Zero Coupon Notes (as defined below) in definitive form of any Issuer may only be transferred and accepted, directly or indirectly, within, from or into The Netherlands through the mediation of either the Issuer or an admitted institution of Euronext Amsterdam N.V., admitted in a function on one or more markets or systems held or operated by Euronext Amsterdam N.V. (*toegelaten instelling*), in accordance with the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended). No such mediation is required (a) in respect of the transfer and acceptance of rights representing an interest in a Zero Coupon Note in global form, or (b) in respect of the initial issue of Zero Coupon Notes in definitive form to the first holders thereof, or (c) in respect of the transfer and acceptance of Zero Coupon Notes in definitive form between individuals not acting in the conduct of a business or profession, or (d) in respect of the transfer and acceptance of such Zero Coupon Notes within, from or into The Netherlands if all Zero Coupon Notes (either in definitive form or as rights representing an interest in a Zero Coupon Note in global form) of any particular Series are issued outside The Netherlands and are not distributed into The Netherlands in the course of initial distribution or immediately thereafter. In the event that the Savings Certificates Act applies, certain identification requirements in relation to the issue and transfer of, and payments on, Zero Coupon Notes have to be complied with and, in addition thereto, if such Zero Coupon Notes in definitive form do not qualify as commercial paper traded between professional borrowers and lenders within the meaning of the agreement of 2 February 1987 attached to the Royal Decree of 11 March 1987 (*Staatscourant 129*) (as amended), each transfer and acceptance should be recorded in a transaction note, including the name and address of each party to the transaction, the nature of the transaction and the details and serial numbers of such Notes. As used herein “Zero Coupon Notes” are Notes that are in bearer form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

## **Belgium**

The Offering Circular has not been, and it is not expected that it will be, submitted for approval to the Belgian Banking and Finance Commission and, accordingly, neither the Notes nor any offering material in respect thereto may be distributed by way of public offering in Belgium. Each Dealer has represented and agreed that it has not taken and will not take any steps in relation to the Notes or any offering material in respect thereof that would constitute or result in a public offer of the Notes in the Kingdom of Belgium within the provisions of the Royal Decree No. 185 of 9th July, 1935 and the Royal Decree of 7th July, 1999, as amended.

## **Luxembourg**

Each Dealer has agreed that it has not offered or sold and will not offer or sell any of the Notes in Luxembourg, other than in circumstances which do not constitute a public offering under Luxembourg law and regulations.

**General**

Selling restrictions may be modified by the agreement of the Issuer, the Guarantor and the Dealers following a change in, or in the interpretation or application of, a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

Each of the Dealers, the Issuer and the Guarantor has agreed not to take any action in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Offering Circular or any other offering material, in any country or jurisdiction where action for that purpose is required.

Each of the Dealers has agreed to comply, to the best of its knowledge and belief, with all relevant securities laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Offering Circular or any other offering material, in all cases at its own expense.

# PRO FORMA PRICING SUPPLEMENT

Pricing Supplement dated ●

## **FORTIS LUXEMBOURG FINANCE S.A.**

*(incorporated as a société anonyme under the laws of the Grand Duchy of Luxembourg registered with the Luxembourg Registry of Commerce and Companies under No. B 24,784)*

### **Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]**

#### **Guaranteed by FORTIS BANK nv-sa**

#### **under the U.S.\$3,000,000,000**

#### **Euro Medium Term Note Programme**

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 16 December 2002. This Pricing Supplement must be read in conjunction with such Offering Circular.

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of this Pricing Supplement in any jurisdiction where such action is required.

Except as disclosing in this document there has been no significant change in the financial or trading position of the Issuer, the Guarantor or of the Guarantor and its subsidiaries since [date of last audited accounts or interim accounts (if later)] and no material adverse change in the financial position or prospects of the Issuer, the Guarantor or of the Guarantor and its subsidiaries since [date of last published annual accounts].

#### **[Risk Warning (1)]**

*Investment in the Notes is directed at sophisticated investors who are conversant with the considerable risks involved in credit derivatives, who are willing to assume such risks, and who can absorb a partial or complete loss of principal and interest. The Notes carry various risks including, without limitation, the insolvency risk of the Issuer and the Guarantor and the insolvency, payment default and credit risk of the Reference Entities. There may be little or no secondary market for the Notes.*

*If a Credit Event (as defined in Appendix A) occurs, the principal amount of the Notes will be reduced in accordance with the provisions hereof and of Appendix A. Accordingly, the amount payable to investors on redemption may be substantially less than the initial principal amount of the Notes, and may even be zero. Consequently, you should not consider purchasing these Notes without taking detailed advice from a specialised professional adviser.]*

(1) to be inserted in the case of an issuance of Credit-linked Notes.

[In connection with this issue, [name of Stabilising Agent] may, to the extent permitted by relevant laws, regulations and directives, over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no obligation on [name of Stabilising Agent] to do this. Such stabilising, if commenced, may be discontinued at any time.]

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.]*

1. (i) Issuer: Fortis Luxembourg Finance S.A.  
(ii) Guarantor: Fortis Bank nv-sa
2. [(i)] Series Number: [            ]  
[(ii) Tranche Number: (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).] [            ]
3. Currency or Currencies: [            ]
4. Form: [Bearer Notes]  
[Exchangeable Bearer Notes]  
[Registered Notes]
5. Principal Amount of Tranche:  
[(i)] Series: [            ]  
[(ii) Tranche: [            ]]
6. [(i)] Issue Price: [            ] per cent. of the Principal Amount of Tranche [plus accrued interest from [*insert date*] (*in the case of fungible issues only, if applicable*)]  
[(ii) Net proceeds: [            ] (*Required only for listed issues*)]
7. Dealer's Commission: [            ]
8. Specified Denominations: [            ]  
[            ]
9. [(i)] Issue Date: [            ]  
[(ii) Interest Commencement Date (if different from the Issue Date): [            ]]
10. Maturity Date: [            ], [subject to adjustment in accordance with the [Following/Modified Following/Preceding] Business Day Convention for which the Relevant Business Day(s) [is/are] [specify cities]]/[The Interest Payment Date falling in [specify month and year]] [The Notes are Perpetual Notes Guaranteed on a Subordinated Basis and accordingly have no Maturity Date]  
[If the Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, (i) the Notes must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to "professional investors" or (ii) another applicable exemption from section 19 of the FSMA must be available.]
11. Interest Basis: [[    ] per cent. Fixed Rate]  
[[*specify reference rate*] +/-  
[    ] per cent. Floating Rate]  
[Zero Coupon]  
[Variable Coupon Amount]

12. Redemption Amount: [Principal Amount/[other]]
13. Change of Interest or Redemption Amount: [Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis]
14. Terms of redemption at the option of the Issuer/ Noteholder or other Issuer's/Noteholders's option: [ ]  
[(further particulars specified below)]
15. [(i)] Status of the Notes: [ ]
- [(ii)] Status of the Guarantee: [Senior/Senior Subordinated/Junior Subordinated]
16. Listing: [ ]
17. Method of distribution: [Syndicated/Non-syndicated]

### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

18. **Fixed Rate Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Interests Rate[s]: [ ] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [ ] in each year
- (iii) Interest Period Dates: [ ]
- (iv) Fixed Coupon Amount[(s)]: [ ] per [ ] in Principal Amount
- (v) Broken Amount(s): *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)]]*
- (vi) Other terms relating to the method of calculating interest for Fixed Interest Rate Notes: [Not Applicable/give details]  
*(Consider if day count fraction, particularly for Euro denominated issues, should be on an Actual/Actual basis)*
19. **Floating Rate Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph. Also consider whether EURO BBA LIBOR or EURIBOR is the appropriate reference rate after 1 January 1999)*
- (i) Interest Determination Date: [[ ] Business Days in [specify city] prior to] [the first day in each Interest Period/each Interest Payment Date]
- (ii) Benchmark: [EURO BBA LIBOR, EURIBOR or other benchmark]
- (iii) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other (give details)]
- (iv) Relevant Financial Centre: [ ]
- (v) Reference Banks: [specify four]
- (vi) Spread (if applicable): [ ] per cent. per annum
- (vii) Spread Multiplier (if applicable) [ ]

- (viii) Party responsible for calculating the Interest Rate(s) and Interest Amount(s) (if not the [Agent]): [ ]
- (ix) Relevant Time (if applicable) [ ]
- (x) Screen Rate Determination:
- Reference Rate: [ ]
  - Interest Determination Date(s): [ ]
  - Relevant Screen Page: [ ]
- (xi) Minimum Interest Rate: [ ] per cent. per annum
- (xii) Maximum Interest Rate: [ ] per cent. per annum
- (xiii) Day Count Fraction: [ ]
- (xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]
20. **Zero Coupon Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Amortisation Yield (Zero Coupon/High Interest/Low Interest Note): [ ] per cent. per annum
  - (ii) Reference Price (Zero Coupon/High Interest/Low Interest Note): [ ]
  - (iii) Any other formula/basis of determining amount payable: [ ]
21. **Variable Coupon Amount Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Index/Formula: *[give or annex details]*
  - (ii) Calculation Agent responsible for calculating the interest due: [ ]
  - (iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [ ]
  - (iv) Interest Period Dates/Interest Payment Dates: [ ]
  - (v) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ other *(give details)*]
  - (vi) Relevant Financial Centre: [ ]
  - (vii) Minimum Interest Rate: [ ] per cent. per annum
  - (viii) Maximum Interest Rate: [ ] per cent. per annum
  - (ix) Day Count Fraction: [ ]

## PROVISIONS RELATING TO REDEMPTION

22. **Redemption at the option of the Issuer or other Issuer's option** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Issuer's Option Period: [ ]
- (ii) Redemption Amount(s) and method, if any, of calculation of such amount(s): [ ]
- (iii) If redeemable in part:
- (a) minimum redemption amount: [ ]
- (b) maximum redemption amount: [ ]
23. **Redemption at the option of the Noteholder or other Noteholder's option** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Noteholder's Option Period: [ ]
- (ii) Redemption Amount(s) and method, if any, of calculation of such amount(s): [ ]
24. **Final Redemption Amount** [Par/other/see Appendix]
25. **Early Redemption Amount**
- Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions): [ ]
26. Instalment Date(s) (if applicable): [ ]
27. Instalment Amount(s) (if applicable): [ ]
28. Unmatured Coupons to become void upon early redemption: [ ]

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

29. Form of Notes: **Bearer Notes:**
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [ ] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note.]
- [Temporary Global Note exchangeable for Definitive Notes on [ ] days' notice.]
- [Permanent Global Note exchangeable for Definitive Notes on [ ] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note.]
- [Registered Notes]
30. Any special provisions relating to Payment Dates: [Not Applicable/give details. Note that this item relates to the place of payment, and not interest period end dates, to which item 19(iv) ("Relevant Financial Centre") relates]



31. Talons to be attached to Notes and, if applicable, the number of Interest Payment Dates between the maturity of each Talon: [No/Yes, maturing every [ ] Interest Payment Dates]
32. Details relating to Redemption by Instalments: amount of each instalment, date on which each payment is to be made: [Not Applicable/*give details*]
33. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions annexed to this Pricing Supplement] apply]
34. Consolidation provisions: [Not Applicable/The provisions annexed to this Pricing Supplement] apply]
35. Business Day Jurisdictions for Condition 7(g): [ ]
36. Exchange for Definitive Notes at the request of the holder at the expense of: [the Issuer/Holder]
37. The aggregate principal amount of Notes issued has been translated in U.S. dollars at the rate of [ ] (for Notes not denominated in U.S. dollars) [ ]
38. Credit-linked Notes: [Not Applicable/The Terms and Conditions of the Notes shall be supplemented and modified by the provisions defined in Appendix A to this Pricing Supplement. In the event of any inconsistency between the Conditions and the provisions of Appendix A, the provisions of Appendix A shall prevail and the Conditions shall be deemed amended accordingly.]
39. Other terms or special conditions: [Not Applicable/*give details*]

## **DISTRIBUTION**

40. (i) If syndicated, names of Managers: [Not Applicable/*give names*]  
(ii) Stabilising Manager (if any): [Not Applicable/*give name*]
41. If non-syndicated, name of Dealer: [Not Applicable/*give name*]
42. Additional selling restrictions: [Not Applicable/*give details*]

## **OPERATIONAL INFORMATION**

43. ISIN Code: [ ]
44. Common Code: [ ]
45. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
46. Delivery: Delivery [against/free of] payment
47. Calculation Agent: [ ]

## **[LISTING APPLICATION**

This Pricing Supplement comprises the details required to list the issue of Notes described herein pursuant to the U.S.\$3,000,000,000 Euro Medium Term Note Programme of Fortis Luxembourg Finance S.A. guaranteed by Fortis Bank nv-sa.]

**RESPONSIBILITY**

The Issuer and the Guarantor accept responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By: .....  
Duly authorised

Signed on behalf of the Guarantor:

By: .....  
Duly authorised

## GENERAL INFORMATION

1. Application has been made to list Notes issued under the Programme on the Luxembourg Stock Exchange. Prior to the listing of any Notes, the constitutional documents of the Issuer and the Guarantor and the legal notice relating to the issue will be registered with the Registrar of the District Court in Luxembourg (*Greffier en chef du tribunal d'Arrondissement de et à Luxembourg*), where copies of these documents may be obtained upon request. Notes may be issued pursuant to the Programme which will not be listed on the Luxembourg Stock Exchange or any other listing authority, stock exchange or quotation system or which will be listed on such listing authority, stock exchange or quotation system as the Issuer and the relevant Dealers may agree.

2. The update of the Programme and the issue of Notes thereunder was authorised by a resolution of the Board of Directors of Fortis Luxembourg Finance S.A. passed on 10 December 2002 and the guarantee of the Notes was confirmed and authorised by a resolution of the Management Committee of the Guarantor passed on 3 December 2002.

3. Each temporary Global Note, permanent Global Note, Bearer Note, Exchangeable Bearer Note, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 1 65(j) and 1287(a) of the Internal Revenue Code."

4. There are no legal or arbitration proceedings, including any which are pending or threatened, involving the Issuer or the Guarantor or any of their respective subsidiaries (if any), which may have or have had during the 12 months prior to the date hereof individually or in the aggregate a significant effect on the financial position of the Issuer or the Guarantor and their respective subsidiaries (if any) taken as a whole.

5. Save as disclosed herein, since 31 December 2001, there has been no significant change in the financial or trading position and no material adverse change in the financial position or prospects of the Issuer or the Guarantor and their respective subsidiaries (if any) taken as a whole.

6. Bearer Notes and Exchangeable Bearer Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The Common Code given by the Euroclear Operator and Clearstream, Luxembourg, together with the relevant ISIN number for each Series of Notes will be set out in the relevant Pricing Supplement.

7. Each Pricing Supplement will contain, *inter alia*, the following information in respect of the issue of Notes to which it relates:

- (i) Series No.;
- (ii) principal amount of the Notes;
- (iii) the form of the Notes;
- (iv) issue date and interest commencement date;
- (v) currency and denomination;
- (vi) maturity date/redemption month (if any);
- (vii) issue price;
- (viii) interest rate, spread, the interest period, any maximum or minimum rate of interest and all other information required to calculate interest amounts (including basis for calculating interest payable on Variable Coupon Amount Notes, if applicable);
- (ix) interest payment dates;
- (x) basis for calculating redemption amounts payable in respect of Zero Coupon Notes, Variable Redemption Amount Notes, High Interest Notes or Low Interest Notes, if applicable;
- (xi) the currencies in which payments will be made in respect of Dual Currency Notes;
- (xii) the common code given by the Euroclear Operator and Clearstream, Luxembourg and the ISIN number;

- (xiii) whether the Notes are redeemable prior to their stated maturity at the option of the Issuer or the Guarantor and/or the Noteholders and the terms relating thereto;
- (xiv) the amortisation yield in respect of Zero Coupon Notes;
- (xv) whether or not the Notes will be listed and, if listed, the relevant listing authority, stock exchange and/or quotation system;
- (xvi) the name of any Stabilising Agent;
- (xvii) the rate of exchange (if any) at which the principal amount of the tranche issued has been converted into U.S. dollars;
- (xviii) whether the Guarantee is subordinated or unsubordinated;
- (xix) whether the Notes will be Subordinated Perpetual Notes or not;
- (xx) the details of any additional Dealers appointed in respect of any issue of Notes;
- (xxi) details of the Calculation Agent, if any;
- (xxii) the name of the Principal Paying Agent (if not the Fiscal Agent);
- (xxiii) any additional selling restrictions;
- (xxiv) the name and specified office of the Paying Agent in France (where applicable);
- (xxv) the name of the specialist broker in France (where applicable); and
- (xxvi) any other relevant information which is not inconsistent with the Programme or the terms of the Agency Agreement.

Copies of each Pricing Supplement relating to a Series of Notes which is to be listed on the Luxembourg Stock Exchange will be made freely available at the office of the Listing Agent in Luxembourg.

8. For so long as the Programme remains in effect or any Notes remain outstanding, the following documents (together, in the case of any document not in the English language, with an English translation thereof) will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection and, in the case of paragraphs (v), (vi), and (vii) below, may be obtained free of charge, at the registered offices of the Issuer and at the office of the Fiscal Agent and the Paying Agent in Luxembourg:

- (i) the Agency Agreement (which includes the form of the Global Notes, the Definitive Notes in Bearer and Registered Form, the Guarantees, the Coupons, Receipts and Talons);
- (ii) the Distribution Agreement;
- (iii) the Deed of Covenant;
- (iv) the Memorandum and Articles of Association of the Issuer and the Articles of Association of the Guarantor;
- (v) the latest audited annual accounts of the Issuer and the Guarantor, for the years ended 31 December, 2000 and 2001 together with any explanatory notes and auditors' report (as the case may be) accompanying such accounts. The Guarantor publishes consolidated and non-consolidated accounts: neither the Issuer nor the Guarantor publish any interim accounts;
- (vi) each Pricing Supplement for Notes which are listed on the Luxembourg Stock Exchange or any other listing authority, stock exchange and/or quotation system; and
- (vii) a copy of this Offering Circular or any further Offering Circular together with any supplement thereto.

9. The business address of all members of the Board of Directors of Fortis Luxembourg Finance S.A. is c/o BGL MeesPierson Trust, 14 rue Aldringen, L-1118 Luxembourg. The business address of the Board of Directors of the Guarantor is Montagne du Parc 3 B-1000 Brussels, Belgium.

10. The financial statements of Fortis Luxembourg Finance S.A. for the years ended 31 December 1999, 2000 and 2001 have been audited without qualification by Ernst & Young, Société Anonyme, BP780, L-2017 Luxembourg.

The 1999, 2000 and 2001 financial statements of the Guarantor, except for the 1998 pro forma comparative figures, have been audited without qualification by PricewaterhouseCoopers, Réviseur d'Entreprises S.C.C., represented by Daniel Van Woensel, Partner, Avenue du Cortenberg 75 B-1000 Brussels and Klynveld Peat Marwick Goerdeler Réviseurs d'Entreprises S.C.C., represented by Virgile Nijs, Partner, Avenue du Bourget 40, B-1130 Brussels in accordance with the laws of Belgium.

11. All amounts payable by the Issuer or the Guarantor in respect of the Notes, the Guarantees, the Agency Agreement and the Deed of Covenant may be made free and clear of and without withholding or deduction for or on account of any taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Luxembourg or the Kingdom of Belgium or any political subdivision thereof or any authority therein or thereof having power to tax save as set out in "Taxation".

12. The Memorandum and Articles of Association of Fortis Luxembourg Finance S.A. have been amended several times since its incorporation on 24 September 1986 including by amendments published in the "Mémorial, Recueil Spécial des Sociétés et Associations" on 29 September 1987 (C Nr 241), on 30 December 1987 (C Nr 385), on 19 March 1988 (C Nr 71), on 26 May 1988 (C Nr 140), on 28 August 1989 (C Nr 236), on 13 June 1990 (C Nr 194), on 10 January 1991 (C Nr 9), on 15 June 1992 (C Nr 258) and on 19 July 1996 (C Nr 346) and on 20 March 2002 (C Nr 445); The Articles of Association of the Guarantor have been amended several times since its incorporation and were last amended on 23 November 2001 (this amendment was published in the Moniteur belge on 20 December 2001, reference 20011220-107).

13. The Luxembourg Stock Exchange has allocated the number 9475 to the Programme for listing purposes.

14. Schroder is a trademark of Schrodgers Holdings plc and is used under licence by Salomon Brothers International Limited.

**REGISTERED OFFICE OF THE ISSUER**

**Fortis Luxembourg Finance S.A.**

14, rue Aldringen  
L-1118 Luxembourg

**REGISTERED OFFICE OF GUARANTOR**

**Fortis Bank nv-sa**

Montagne du Parc 3  
B-1000 Brussels

**DEALERS**

**Barclays Bank PLC**

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Canary Wharf  
London E14 4BB

**BNP PARIBAS**

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London NW1 6AA

**Deutsche Bank AG London**

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1 Great Winchester Street  
London EC2N 2DB

**Fortis Bank nv-sa**

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B-1000 Brussels

**Goldman Sachs International**

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133 Fleet Street  
London EC4A 2BB

**J.P. Morgan Securities Ltd.**

125 London Wall  
London EC2Y 5AJ

**Merrill Lynch International**

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2 King Edward Street  
London EC1A 1HQ

**Mizuho International plc**

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London EC4M 9JA

**Morgan Stanley & Co. International Limited**

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Canary Wharf  
London E14 4QA

**Nomura International plc**

Nomura House  
1 St Martin's-le-Grand  
London EC1A 4NP

**Salomon Brothers International Limited**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB

**Société Générale**

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75009 Paris

**UBS AG, acting through its business group**

**UBS Warburg**

1 Finsbury Avenue  
London EC2M 2PP

**FISCAL AGENT REGISTRAR, PRINCIPAL PAYING AGENT, TRANSFER AGENT  
AND CALCULATION AGENT**

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**ALTERNATIVE PRINCIPAL PAYING AGENT**

**Fortis Bank nv-sa**

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B-1000 Brussels

**PAYING AND TRANSFER AGENT**

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**LEGAL ADVISERS**

*to the Dealers*

*in respect of English law*

**Clifford Chance**

**Limited Liability Partnership**

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*in respect of Belgian law*

**Clifford Chance**

**Limited Liability Partnership**

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**AUDITORS TO FORTIS LUXEMBOURG FINANCE S.A.**

**Ernst & Young**

Société Anonyme  
B.P.780  
L-2017 Luxembourg

**AUDITORS TO THE GUARANTOR**

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Réviseurs d'Entreprises S.C.C.**

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Avenue de Cortenbergh 75  
B-1000 Brussels

**Klynveld Peat Marwick Goerdeler,  
Réviseurs d'Entreprises S.C.C.**

Represented by Virgile Nijs, Partner  
Avenue du Bourget 40  
B-1130 Brussels

**LISTING AGENT**

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