Explanatory note

to the Agenda of the Extraordinary General Meeting of Shareholders of Fortis N.V. on 6 August 2007

FORTIS

The agenda and the explanatory note to the agenda of Fortis SA/NV and Fortis N.V. are fully identical, except for agenda item 3, which is different for both companies due to differences in local laws and regulations

Agenda item 2: Approval of the proposed resolutions of the Board of Directors:

(i) to make a public offer to be launched by Fortis, Royal Bank of Scotland and Santander through a jointly owned company for 100% of the issued and outstanding share capital of ABN AMRO Holding N.V., and to thus acquire an economic interest in certain businesses of the ABN AMRO group; and

(ii) to subsequently acquire certain businesses of the ABN AMRO group from the jointly owned company;

all as described in detail in the Explanatory Note.

On 29 May 2007, Fortis SA/NV and Fortis N.V. ("Fortis"), together with Royal Bank of Scotland ("RBS") and Santander (together the "Consortium"), announced their intention to launch a public offer for 100% of the issued and outstanding share capital of ABN AMRO Holding N.V. ("ABN AMRO").

I. The offer

The offer will be launched by RFS Holdings B.V. ("RFS"), a company specially incorporated and ultimately owned by the Consortium for the purpose of announcing and launching the bid.

On behalf of Fortis, Fortis Bank Nederland (Holding) N.V. will ultimately hold the shares issued by RFS from time to time. Fortis Bank Nederland (Holding) N.V. is the Dutch holding company for virtually all banking activities of Fortis in The Netherlands. Fortis Bank Nederland (Holding) N.V. is a wholly owned subsidiary of Fortis Bank SA/NV and is subject to supervision by the Dutch Central Bank (DNB).

Pursuant to the conditions to the offer, the Consortium shall not be obliged to declare the offer unconditional ('gestand te doen') and to purchase any tendered ABN AMRO shares, if the sale and transfer of LaSalle Bank Corporation by ABN AMRO Bank N.V. to Bank of America are in any manner consummated.

In such event, the Consortium reserves the right to adjust the offer to cover ABN AMRO excluding LaSalle. In principle, such adjustment would affect neither the businesses to be acquired by Fortis, nor the price to be paid by Fortis referred to hereafter.

The offer consideration amounts to EUR 71.1 billion[1]. For each ABN AMRO ordinary share tendered, RFS will pay EUR 30.40 in cash plus 0.844 new RBS shares, including EUR 1 in cash to be retained pending resolution of the litigation with regard to the abovementioned Bank of America Agreement. Under the terms of the Consortium and Shareholders Agreement (see section III below), RFS will be funded by the Consortium to settle the consideration payable to the shareholders of ABN AMRO who have tendered their ABN AMRO shares upon expiry of the tender period. Accordingly, Fortis will be required to pay 33.8% of the total consideration, i.e. approximately EUR 24 billion[2]. Fortis will arrange for the necessary funding to Fortis Bank Nederland (Holding) N.V. prior to the expiry of the tender period, to allow it to satisfy Fortis' aforesaid proportion of the total consideration due to the shareholders of ABN AMRO.

To the extent permissible under the applicable plans, holders of ABN AMRO option rights will be offered the ability to exercise their options and accept the offer.
In the context of the offer, the Consortium will make a cash

offer for the issued and outstanding ABN AMRO Formerly Convertible Preference Shares for EUR 27.65.

II. Financing of the offer

As stated in section I, the total consideration to be paid by Fortis for the acquisition of certain businesses of the ABN AMRO group amounts to approximately EUR 24 billion. The aforesaid amount shall be financed as follows:

- Fortis intends to raise up to EUR 15 billion of new equity via a rights issue (see agenda item 3).

- The remaining part of the consideration to be borne by Fortis will be financed through a combination of:
  - the issuance of various securities;
  - the sale of specific non-core assets of Fortis that Fortis may complete prior to the completion of the offer; and
  - other internal financial resources, including but not limited to cash on balance sheet and proceeds from the sale of securities held in its trading portfolio.

Furthermore, besides the rights issue referred to above, Fortis is contemplating issuing prior to the date of the Extraordinary General Meeting of Shareholders of 6 August 2007, a financial instrument that it considers appropriate in the framework of the financing of the offer. Fortis is contemplating in particular the issuance of an instrument that is convertible into new Fortis SA/NV and Fortis N.V. shares. Up to 115.000.000 shares could be issued in this context. If Fortis resolves to issue such an instrument, it will take into account, in whole or in part, the proceeds of such an issue to reduce the amount of the rights issue.

The financing of the offer has been more than secured as follows:

- A standby equity underwriting arrangement of up to EUR 17 billion, i.e. for an amount which exceeds the proceeds of the planned rights issue, fully underwritten by Merrill Lynch and certain other major European financial institutions;

- A standby underwriting commitment for Tier 1 capital instruments of up to EUR 5 billion, fully underwritten by Merrill Lynch;

- A EUR 10 billion backstop liquidity facility, signed with several major European financial institutions.

1 Based on undiluted number of shares and based on the closing price of the RBS share of 642.5 pence on 25 May 2007. On a fully diluted basis, the offer consideration will amount to 73 billion EUR.

2 Based on undiluted number of shares. On a fully diluted basis, Fortis' part in the offer consideration will amount to 24.7 billion EUR.

III. The Consortium and Shareholders Agreement and RFS

A Consortium and Shareholders Agreement ("CSA") has been signed by Fortis, RBS, Santander and RFS on May 28, 2007, to regulate the relationship between the Consortium members and between the Consortium members and RFS both before and after the acquisition of ABN AMRO. The CSA is available on the website of Fortis. The CSA covers the following topics:
- the conduct of the offer;
- the management and governance of RFS before and after the acquisition of ABN AMRO shares;
- the division of ABN AMRO group's assets between the Consortium members;
- the management and potential disposal of certain non strategic assets (so called Retained Assets), i.e. not intended to be acquired by any of the Consortium members.

RBS will assume the lead responsibility vis-à-vis DNB and other relevant regulators for the orderly restructuring of the ABN AMRO group following the acquisition of all tendered shares. Accordingly, the CSA provides that, upon acquisition of the ABN AMRO shares, ABN AMRO will become a subsidiary undertaking of RBS, owned jointly by the Consortium through RFS. The Consortium's immediate priority will be to ensure that the ABN AMRO group continues to provide high quality service to its customers and meets all regulatory requirements.
Each of the Consortium's members will have representation on the board of RFS (or, if applicable, of a jointly owned sub-holding company), RBS having a casting vote. However, the interests of Fortis are safeguarded as follows:

- there is a legally binding commitment in the CSA that Fortis shall obtain its assets as defined in the CSA (see section IV);

- certain high impact board decisions require the unanimous consent of all Consortium members (Board Reserved Matters). Moreover, all decisions with regard to the sale or disposal of the assets to be acquired by Fortis, shall require its consent;

- the CSA provides for a manager to be nominated by Fortis to manage its assets;

- a separate class of tracking shares will be issued to Fortis, allowing Fortis to account for and to receive all benefits from the net assets and profits generated by the to be acquired assets;

- Fortis has the lead role within the Consortium with regard to all social/employment matters concerning the employees of the ABN AMRO group in The Netherlands.

IV.Businesses of the ABN AMRO Group to be acquired by Fortis

Upon successful completion of the ABN AMRO offer, RFS will acquire all ABN AMRO businesses, following which an orderly reorganisation of such businesses will occur. The outcome of this reorganisation will be that Fortis acquires the Business Unit Netherlands (excluding former Dutch wholesale clients, Interbank and DMC Consumer Finance), the Business Unit Private Clients globally (excluding Latin America) and the Business Unit Asset Management globally (the "Acquired ABN AMRO Businesses").

In addition, Fortis will hold a proportional share in a number of non-strategic assets that will be held by the Consortium on a shared basis pending a decision being made relating to their likely disposal (so-called Retained Assets). These shared assets consist of the ABN AMRO Head Office and central functions, the private equity portfolio, as well as ABN AMRO's stakes in Capitalia, Saudi Hollandi and Prime Bank.

Fortis will also become the owner of the ABN AMRO trademarks.

The Acquired ABN AMRO Businesses are described below:

Business Unit Netherlands (excluding former Dutch wholesale clients, Interbank and DMC Consumer Finance)
For the year ended December 31, 2006, excluding discontinued businesses, the Business Unit Netherlands generated total operating income of EUR 4,640 million and reported a net operating profit after tax of EUR 844 million. Excluding former Dutch Wholesale Clients (to be taken over by RBS) and Interbank and DMC Consumer Finance (to be taken over by Santander), the business to be acquired by Fortis has generated total operating income estimated at EUR 3,948 million and a net operating profit after tax estimated at EUR 795 million, in 2006.

The business to be acquired by Fortis services consumer and commercial clients in The Netherlands, with approximately 21,800 staff operating through a network of 561 branches, 78 advisory branches, five dedicated mid-market corporate client units, two large corporate client units and four integrated call centres. BU Netherlands also operates some 1,600 ATMs and internet and mobile channels and is active in the intermediary market with amongst others mortgages.

Business Unit Private Clients (excluding Latin America)
For the year ended December 31, 2006, the Business Unit Private Clients generated total operating income of EUR 1,389 million and reported net operating profit after tax of EUR 272 million. Adjusted for exceptional items, the net operating profit after tax is estimated at EUR 253 million for 2006.

The Business Unit Private Clients provides private banking services to wealthy individuals and institutions with at least EUR 1 million in net assets investable. In 2006 ABN AMRO was one of the top five private banks in Europe measured by assets under management. As at December 31, 2006, it employed approximately 3,300 staff, operating through 103 offices in 23 countries and had EUR 142 billion of assets under management ("AuM").

Business Unit Asset Management
For the year ended December 31, 2006, the Business Unit Asset Management generated total operating income of EUR 828 million and reported net operating profit after tax of EUR 235 million. Adjusted for exceptional items and disposals, the business to be acquired by Fortis has generated total operating income estimated at EUR 745 million and a net operating profit after tax and after deduction of minority interests estimated at EUR 138 million, in 2006.

The Business Unit Asset Management provides asset management services, directly to institutional clients (such as central banks, pension funds, insurance companies and leading charities) and to private investors through ABN AMRO's consumer and private banking arms and through third-party distributors. The businesses employ approximately 1,500 staff. At the end of 2006, the Business Unit Asset Management had AuM for EUR 193 billion; just over 50% of the assets managed were for institutional clients, around 30% for consumer and third-party clients and the remainder in discretionary portfolios for the BU Private Clients.

IV.1. Business rationale of the ABN AMRO Offer

Anticipated cost synergies and revenue benefits
Fortis anticipates that its integration with the Acquired ABN AMRO Businesses will create substantial synergies. The expected pre-tax synergies are estimated at EUR 1.3 billion, 86% on the cost side and 14% on the revenue side. Fortis expects that these synergies will be realised in stages, i.e. 30% in 2008, 70% in 2009, and the remainder in 2010.

Fortis intends to apply its standardised integration methodology to the ABN AMRO businesses over a 36-month period. During integration, Fortis will focus on ensuring minimal disruption for clients. Fortis expects the total integration costs to be EUR 1.54 billion (or EUR 1.69 billion including Fortis's share of central integration costs).

The following table sets out the benefits that Fortis expects to gain within three years of completion of the transaction as a result of the integration of the Acquired ABN AMRO Businesses.

	Estimated Cost Savings per Annum by end of 2010 (euro millions)	**Estimated Revenue Synergies per Annum by end of 2010** (euro millions)
Dutch Retail Business	307.0	56.0
Dutch Commercial Business	124.0	19.0
Private Banking	160.0	43.0
Asset Management	145.0	15.0
Central Functions	414.0	54.0
Total	1,150.0	187.0

In 2006, ABN AMRO's cost to income ratio was 69.6%, compared to 61.2% for Fortis Bank. Fortis believes its projected synergies with the Acquired ABN AMRO Businesses are based on achievable assumptions. Most of the estimated transaction benefits are expected to result from cost savings which Fortis believes are based on reasonable estimates in line with past achievements. Fortis expects that a substantial proportion of the estimated cost savings will result from de-duplication of overlapping activities and are not dependent on a substantial off-shoring of functions.

Whilst the clear cost-saving opportunities underpin the potential value creation, Fortis also believes that there are considerable opportunities to create sustainable increases in profitable revenue growth. The Consortium believes that somewhat limited scale and resources, combined with a lack of focus, have made it difficult for ABN AMRO to take advantage of the many growth opportunities across its broad range of attractive but widely-spread franchises, products and geographies. The combination of complementary businesses and capabilities will create additional opportunities for growth which are not available to ABN AMRO alone. Fortis has the resources to capitalise on these opportunities for growth. Fortis estimates that the revenue benefits identified, net of associated costs and bad debts, before tax, will be approximately EUR 187 million by the end of 2010.

Due to the comprehensive strategic fit of its current businesses with the Acquired ABN AMRO Businesses Fortis expects that, following the acquisition of such businesses, it will be able to create a stronger busines with enhanced market presence and growth prospects, leading to substantial value creation and benefits for shareholders, customers and employees. Fortis has the financial and managerial resources to invest in and grow the Acquired ABN AMRO Businesses and has proven records of growing its own businesses. Implementation of Fortis' intended measures to realise projected synergies is expected to increase the profitability of the Acquired ABN AMRO Businesses and will allow it to invest further in customer-facing areas, as it has done in its own businesses.

Expected Financial Impact

Allowing for the acquisition of the Acquired ABN AMRO Businesses, Fortis Bank's Tier 1 capital ratio is expected to be close to 6.7% immediately after completion of the transaction. Based on Fortis' forecasts for business growth and transaction benefits, the acquisition is expected to lead to 4.3% accretion in cash earnings per share in 2010[3] and to produce a return on investment on a cash basis of 11.2% in 2010[4].

IV.2. Overview of the integration process

The anticipated cost synergies and revenue benefits will be realised through an integration process that will commence immediately upon completion of the ABN AMRO Offer. In a first stage, ABN AMRO will become a subsidiary undertaking of RBS owned jointly by the Consortium through RFS.

Immediately following completion of the ABN AMRO Offer, the structure and operation of ABN AMRO will remain unchanged. A limited number of senior appointments will be made by the Consortium to the Managing Board and the Group Business Committee (subject to regulatory and legal requirements). The Consortium's immediate priority will be to ensure that the organisation continues to provide high quality service to its customers and to meet all regulatory requirements.

As soon as reasonably practicable, certain businesses which can readily be separated will be legally transferred to the respective members of the Consortium. Fortis and RBS will work together to separate the Netherlands retail and commercial banking operations from the global wholesale banking operations. The former will be transferred to Fortis while the latter will be owned by RBS. The separation and all transfers of businesses will be subject to regulatory approval (including the nihil obstat of the Dutch Ministry of Finance) and appropriate consultation processes with employees, employee representatives and other stakeholders.

Information technology systems will in general be separated and transferred jointly with the businesses they support. However, the members of the Consortium will take advantage of opportunities to create greater economic value by sharing platforms.

During the reorganisation, the members of the Consortium will retain a shared economic interest in all central functions (including Head Office functions) that provide support to ABN AMRO Group businesses. They will also retain shared economic interests in certain assets and liabilities of ABN AMRO which they regard as non-strategic, including ABN

3 Adjusted for purchased intangibles amortization
4 Represents profit after tax, adjusted for purchased intangibles amortization, plus post-tax transaction benefits divided by the consideration paid plus post tax integration costs

AMRO's private equity portfolio, its stakes in Capitalia, Saudi Hollandi and Prime Bank. These are expected to be disposed of over a period of time with a view to maximising value.

Fortis believes that the structure the Consortium intends to implement following completion of the ABN AMRO Offer will strengthen the Acquired ABN AMRO Businesses and not expose them, their capital or their customers to any additional risk.

The business reorganisation will be handled in an orderly fashion designed to ensure continuity of customer service. A key principle of the implementation plan agreed among the members of the Consortium is that there should be minimal disruption to customer-facing activities. Fortis is committed to apply this principle.

Fortis intends to apply its standardized integration methodology to the integration of the Acquired ABN AMRO Businesses over a 36-month period.

In the pre-acquisition period, Fortis expects to install an integration office, prepare a retention scheme and communicate with all stakeholders. Within a few months of the acquisition, Fortis expects that key management teams will be (re-)appointed for all major integration projects and that the business plan, focusing on cost and revenue synergies, will be confirmed. Over the next phase, it will be implemented and refined, with specific attention on human resources and cultural integration. Within 3 years of the acquisition, Fortis expects to have fully implemented its integration plans and to be delivering cost and revenue synergies at full rate, setting new commercial targets, leveraging best practices across its organisation and accelerating international expansion.

IV.3. The combined Fortis and ABN AMRO businesses

The successful combination of Fortis and the Acquired ABN AMRO Businesses will create a top European financial institution. Based on 2006 published data, the combined businesses will have more than 80,000 employees worldwide, in excess of 10 million customers in the Benelux region alone, projected banking revenues of EUR 16.4 billion and insurance premium income of EUR 14 billion, total Banking and Insurance net profit of more than EUR 5.5 billion (which is among the top five in countries that use the euro), 2,500 retail branches and 145 business centres across Europe.

The combination resulting from Fortis and the Acquired ABN AMRO Businesses will enjoy pre-eminent positions in all major market segments in the Benelux region.

- Leading positions in the Netherlands. In 2006 Fortis already was number three in insurance, and the combined group is expected to occupy a leading position in Retail Banking (# 3), Small and Medium Enterprise, or SME, Banking (# 3), Commercial Banking (# 1) and Private Banking (# 1).

- A Leading European Private Bank. Fortis's enlarged private bank is expected to become the third largest European private bank with more than EUR 200 billion in AuM globally, based on 2006 data. With one integrated network and a large European and Asian footprint, the enlarged private bank will be positioned to be the service provider of choice for high net worth and ultra high net worth clients, based on a dedicated, broad and differentiated service offering.

- Top-tier Asset Management. The combined businesses are also expected to become a top-tier European asset manager, with more than EUR 300 billion in AuM globally, based on 2006 data. The combined asset management business is expected to benefit from a larger geographic footprint and enhanced offering to third-party distributors, leveraging to a wide, innovative and well-performing product range. The combined product range is anticipated to reach top quartile position across many asset classes and achieve scale in core growth products.

Fortis believes that the combined activities will allow it to accelerate its strategy to be one of Europe's most dynamic and sustainable financial services providers, helping it to grow its businesses in “Enlarged Europe”, and selectively in Asia and North America.

The combination of Fortis and the Acquired ABN AMRO Businesses will benefit all stakeholders. Clients will clearly benefit from an enhanced product offering and distribution network; employees will benefit from increased career opportunities; and both companies have a strong reputation for contributing to the local communities in which they operate.

Fortis believes that by combining their significant expertise in terms of service quality, customer satisfaction, product development and distribution channels, the combination of Fortis and the Acquired ABN AMRO Businesses will provide enormous opportunities to innovate, to invest in the best talents in the market, and to take the lead in product and technological development.

Following is a description of the expected impact of the integration of the Acquired ABN AMRO Businesses with the Fortis business units involved.

Business Unit Netherlands

Retail Banking

Fortis's retail activities in the Netherlands will merge with ABN AMRO's existing operations, allowing for a smooth transition and undisrupted service to all customers. In the future, Fortis expects that its customers will benefit from an even stronger product portfolio, full-service SME banking and a combined personal/preferred banking proposition. Fortis anticipates that individual customers will have access to this enlarged product offering through a wider branch network with nationwide coverage, intermediary channels and an advanced online banking platform. In addition, professionals and small businesses will have access to 78 dedicated advisory branches. To strengthen its competitive positioning and stimulate entrepreneurship, Fortis intends to roll-out a performance-driven reward system.

Commercial Banking

Fortis expects that internationally active medium-sized enterprises will be able to take advantage of its distinctive network of business centres in 19 countries across Europe. One central account manager with access to the combined Fortis and ABN AMRO businesses using an integrated platform, will serve these clients' interests in the different countries where they are active. Fortis believes the combined networks will provide a wider-reaching, geographical footprint of 35 to 40 dedicated business centres in the Netherlands. These centres will be fully integrated into Fortis' international business centre network and will benefit from the continuous upgrade of staff quality, coming from both of Fortis and ABN AMRO.

Fortis will endeavour to share best practices and new added-value solutions for risk management, liquidity and asset-based finance will be implemented with short time to market, drawing on the capabilities of Fortis and ABN AMRO locally, as well as Fortis on a global basis. For example, Fortis' Enterprise & Entrepreneur solutions, by which owners and managers of companies serviced by Commercial Banking are offered wealth management solutions, will be transposed onto the enlarged customer base in the business community and private Dutch market in order to foster the growth of the enlarged group's Private Banking operations.

Private Banking

Fortis expects that the addition of ABN AMRO Private Banking will strengthen Fortis's Private Banking franchise in Europe and establish a solid growth platform in Asia. Based on 2006 data, the combination is expected to create the third largest European private bank with more than EUR 200 billion in AuM. The combined Private Banking operations are expected by Fortis to be well positioned to reap the benefits of enlarged scale and a broader skill set.

Fortis anticipates that its enlarged geographic footprint will allow for an accelerated rollout of a full service offering in growth locations, such as UAE, India, Hong-Kong and Singapore, and will strengthen its position in relation to other providers. As a result of the acquisition, Fortis expects to build a solid platform in Asia for capturing future growth. The combined organization is expect to be well diversified geographically, with around 50% of its business (in terms of AuM) coming from non-Benelux countries based on 2006 data.

Fortis believes that a close match in service philosophy and similar client focus will allow the new combined businesses to leverage best practices and local market strengths across the international network. The enhanced operating scale and heightened private bank identity is expected by Fortis to facilitate the recruitment, development and retention of international talent.

Asset Management

Fortis believes that its and ABN AMRO's fund managers share a common management philosophy and comparable strategy. Fortis expects that since the products are highly complementary, the combined businesses will enjoy an established European franchise along with global reach and scale.

The combined business will be based on individual investment centres, each offering a broad range of asset classes. Fortis expects that each investment centre will have access to core proprietary research in order to be able to offer true multi-product investment and structuring solutions. The new team will comprise some 570 investment professionals, supported by more than 500 specialist sales and marketing executives. The offering will include the whole range of investment styles from traditional long only products to long/short products focused on absolute return strategies.

The complementary nature of the two product ranges is expected to allow the combined businesses to reach top quartile position across many asset classes and achieve scale in core growth products (such as, equity and structured products, Socially Responsible Investors, global property, asset and liability management capability and alternatives).

The transaction is expected to create a combined business geared strongly to growth and Fortis Investments is planning to complete the integration within 12 to 18 months. In order to validate and detail the integration plans, Fortis expects to make a complete analysis of the combined Asset Management business in cooperation with the ABN AMRO teams. Fortis anticipates that this plan will clarify all the actions and responsibilities to be undertaken in order to realize the targeted business model and to deliver the expected synergies.

V. Proposal to the General Meeting of Shareholders

Based on the above, the Board of Directors is convinced that the offer for the issued and outstanding shares of ABN AMRO and the acquisition and allocation of ABN AMRO group's businesses described in this note constitute an unique opportunity for Fortis. It will allow Fortis to accelerate its strategy to be one of Europe's most dynamic and sustainable financial services providers, helping it to grow its businesses in the enlarged EU, and selectively in Asia and North America.

Therefore, in accordance with the provisions of article 17 b) 4) i. of the Articles of Association of Fortis SA/NV, respectively the provisions of article 2:107a paragraph 1 of the Dutch Civil Code for Fortis N.V., the Extraordinary General Meeting of Shareholders is requested to approve the proposed resolutions of the Board of Directors:

(i) to make a public offer to be launched by Fortis, Royal Bank of Scotland and Santander through a jointly owned company on 100% of the issued and outstanding shares capital of ABN AMRO Holding N.V., and to thus acquire an economic interest in certain businesses of the ABN AMRO group; and

(ii) to subsequently acquire certain businesses of the ABN AMRO group from the jointly owned company;

all as described in detail in this Explanatory Note.

Agenda item 3: Amendment to the Articles of Association

As set out in more detail above, in section I (The Offer) of agenda item 2, Fortis intends to launch together with Royal Bank of Scotland and Santander, through an ultimately jointly owned company, a public offer for 100% of the issued and outstanding shares capital of ABN AMRO Holding N.V. The total offer consideration amounts to EUR 71.1 billion[1], out of which 33.8%, i.e. approximately EUR 24 billion will be funded by Fortis N.V. and Fortis SA/NV (the “Fortis Offer Proportion”). As explained in section II (Financing of the Offer) of agenda item 2, Fortis N.V. and Fortis SA/NV intend to finance part of the Fortis Offer Proportion by collectively raising up to EUR 15 billion of new equity via a rights issue.

The rights issue to be effected by Fortis N.V. will be undertaken by exercising the following authority, as granted by the Annual General Meeting of Shareholders to the Board of Directors on 31 May 2006 for a period expiring on 31 May 2009 and as established in the Articles of Association of Fortis N.V.:

- to issue Twinned Shares and Preference Shares and to grant rights to subscribe for such shares. The authority extends to all non-issued shares that form part of the present or future authorised capital;
- to restrict or to exclude the shareholders’ pre-emption right upon the issue of Twinned Shares.

Currently, the authorised capital of Fortis N.V. amounts to EUR 1,528,800,000, divided into

- 1,820,000,000 Preference Shares, each with a nominal value of EUR 0.42; and
- 1,820,000,000 Twinned Shares, each with a nominal value of EUR 0.42.

As of the date of this Explanatory Note, 1,344,672,795 Twinned Shares have been issued, each with a nominal value of EUR 0.42. Hence, the subscribed capital amounts to EUR564,762,573. Therefore, as of the date of this Explanatory Note, the Board of Directors is still allowed to issue 475,327,205 Twinned Shares.

The exact number of Twinned Shares to be issued has not yet been defined. The number of Twinned Shares, as well as all other conditions of the rights issue, will be determined by the Board of Directors at the time of its decision to increase the capital, taking into due consideration the corporate interests of Fortis N.V.

However, the aforesaid number of 475,327,205 Twinned Shares could be insufficient to raise together with Fortis SA/NV up to EUR 15 billion in cash.

It is therefore proposed to the Extraordinary General Meeting of Shareholders to increase the authorised capital to EUR 1,948,800,000 by increasing the number of Twinned Shares from 1,820,000,000 up to 2,820,000,000, each with a nominal value of EUR 0.42.

The number of Preference Shares included in the authorised capital will not be changed.

In accordance with the twinned share principle as established in the Articles of Association of Fortis N.V. and Fortis SA/NV, the number of twinned shares issued by both companies (together: a Fortis unit) should always be equal. Accordingly, both Fortis N.V. and Fortis SA/NV will have to increase their authorised capital to facilitate the rights issue.

In line with Belgian regulation, the Extraordinary General Meeting of Shareholders of Fortis SA/NV (which is held at the same date as the Extraordinary General Meeting of Shareholders of Fortis N.V.) will be proposed to grant to the Board of Directors a specific authorisation to increase the capital of Fortis SA/NV in the context of a public offer on, and the acquisition of, certain businesses of ABN AMRO. If granted, this specific authorisation will be valid until 31 March 2008 and will expire on that date if the Board of Directors has not partially or fully used it in the aforementioned context by such date. The proceeds of the capital increase pursuant this specific authorisation will exclusively be used by Fortis SA/NV to finance part of the Fortis Offer Proportion. Due to the Twinned Share principle, the same limitations will indirectly apply to the rights issue by Fortis N.V.

1 Based on undiluted number of shares and based on the closing price of the RBS share of 642.5 pence. On a fully diluted basis, the offer consideration will amount to EUR 73 billion.

In accordance with Dutch practice, the Board of Directors will exclude the preferential subscription right of the existing shareholders and replace it by a non-statutory preferential subscription right exercisable by all shareholders (or the transferees of the rights) as if the preferential subscription right had not been excluded, except for shareholders residing in jurisdictions where restrictions apply with respect to the offering of securities. Such a non-statutory preferential subscription right should encourage shareholders to participate in the capital increase and limit their potential dilution. The same approach will be followed for the shares to be issued by Fortis SA/NV.

In the event that the Consortium's offer turns out to be unsuccessful following the completion of the capital increase of Fortis N.V., the Board of Directors will examine how the proceeds can be redistributed to the shareholders.

Based on the foregoing, it is proposed:

- to amend article 8 of the Articles of Association of Fortis N.V. (unofficial English translation) to read as follows (amendments underlined):
  "Article 8: Authorized capital

  The authorized capital of the Company shall amount to one billion nine hundred and forty-eight million eight hundred thousand euro (EUR 1,948,800,000), divided into:
  a) One billion eight hundred and twenty million (1,820,000,000) Preference Shares, each with a nominal value of forty-two eurocents (EUR 0.42); and
  b) Two billion eight hundred and twenty million (2,820,000,000) Twinned Shares, each with a nominal value of forty-two eurocents (EUR 0.42)."

- to authorize any and all members of the Board of Directors as well as any and all civil-law notaries, associates and paralegals practising with De Brauw Blackstone Westbroek to draw up the draft of the required notarial deed of amendment to the Articles of Association, to apply for the required ministerial declaration of no-objection, as well as to execute the notarial deed of amendment to the Articles of Association.

The full text of the Articles of Association of Fortis N.V., as amended in accordance with the above, including an unofficial English translation thereof, is available for inspection at the offices of Fortis N.V. and can also be found on the Fortis' website: http://www.fortis.com ("Investor Relations" – "General meeting of shareholders")

Fortis N.V.

Archimedeslaan 6
3584 BA Utrecht