

**UNOFFICIAL TRANSLATION**

**In the event of variance between the English translation and the Dutch original, the latter shall prevail.**

**[Deleted]**

The Minister of Finance  
Prinses Beatrixlaan 512  
2595 BL DEN HAAG

17 September 2007

## 1. INTRODUCTION

On 18 June 2007, the legal person incorporated under Dutch law, Fortis Bank Nederland (Holding) N.V., established in Utrecht, The Netherlands (hereinafter: Applicant) applied to De Nederlandsche Bank N.V. (hereinafter: DNB) for a declaration of no-objection in connection with the Applicant's intention to acquire and hold qualifying holdings in the financial Dutch parent holding company set up by the Consortium under Dutch law, RFS Holdings B.V. (hereinafter: RFS Holdings), ABN AMRO Holding N.V. (hereinafter: ABN AMRO Holding), ABN AMRO Bank N.V. (hereinafter: ABN AMRO Bank) and the financial undertakings which are subsidiaries of ABN AMRO Bank (together: ABN AMRO Group).<sup>1</sup> This application is based on Section 3:96(1), under b, of the *Wet op het financieel toezicht* (hereinafter: *Wft*) (Financial Supervision Act). A copy of this application on CD-ROM was presented to your Ministry on 20 June 2007.

Below DNB presents its recommendation, as meant in Section 3:96(2) *Wft*, on the proposed qualifying holding in ABN AMRO Bank and its group companies.

## 2. APPLICATION

In its application, the Applicant requests a declaration of no-objection pursuant to Section 3:96(1), under b, in conjunction with Section 3:102(1) *Wft* to acquire and hold qualifying holdings with a bandwidth of 10 - 100 per cent by the Applicant in the supervised components of the ABN AMRO Group. This application also requests declarations of no-objection regarding the acquisition by the Applicant of qualifying holdings in RFS Holdings and ABN AMRO Holding, both being financial institutions in the sense of section 1:1 *Wft*. This application should be distinguished from the applications for declarations of no-objection pursuant to Section 3:95 *Wft* submitted by The Royal Bank of Scotland Plc, Banco Santander Central Hispano, S.A., and Fortis N.V. and Fortis SA/NV (collectively the Consortium) and RFS Holdings; a separate recommendation will be sent to you concerning the latter applications. Both applications were assessed

---

<sup>1</sup> The application dated 18 June 2007 has been amended by letter of 31 August 2007. The original application for a DoNO re holdings in ABN AMRO Holding and subsidiary companies, now concerns a DoNO re holdings in RFS Holdings, ABN AMRO Holding and ABN AMRO Bank and its subsidiary companies.

simultaneously and in conjunction with each other. For the Applicant this means that the conditions and restrictions formulated in this recommendation hold in addition to the conditions and restrictions included in the recommendation concerning the Consortium and RFS Holdings.

RFS Holdings has made a public offer for all outstanding ordinary and preferred shares of ABN AMRO Holding. The percentage of the qualifying holding by Fortis N.V. and Fortis SA/NV and their group companies (including the Applicant) (collectively: Fortis) in RFS Holdings comes to 33.8103 per cent.

### 3. LEGAL GROUNDS

- (1) Pursuant to Section 3:96(1), opening words and under b, *Wft*, no bank established in the Netherlands may acquire or increase a qualifying holding in a bank, an investment firm, a financial institution or an insurer where the balance-sheet total of that bank, investment firm, financial institution or insurer at the time of the acquisition or increase amounts to more than one per cent of the consolidated balance-sheet total of the bank, except after obtaining a declaration of no-objection from DNB or, in the cases listed in Section 3:97(1) *Wft*, from the Minister of Finance.
- (2) Pursuant to Section 3:96(1), under b, in conjunction with Section 3:97(1), under c (1°), *Wft*, the Minister of Finance shall decide on the present application, insofar as it relates to the proposed qualifying holdings in ABN AMRO Bank.
- (3) Pursuant to Section 3:97(2) *Wft*, the Minister shall issue a declaration of no-objection unless the intended act could or would lead to an undesirable development of the financial sector or, in the opinion of DNB, one or more of the considerations meant in Section 3:101, opening words, under a or b, *Wft* oppose the issuance of such declaration.
- (4) Pursuant to Section 3:101 *Wft*, a declaration of no-objection is issued for an act meant in Section 3:96(1) *Wft* unless:
  - a. the act could or would be in violation of the solvency provisions regarding the bank concerned under Section 3:57(1 and 2) *Wft*;
  - b. the act could or would otherwise be contrary to sound and prudent operations; or
  - c. the act could or would lead to an undesirable development of the financial sector.
- (5) Pursuant to Section 3:102(1) *Wft*, if a declaration of no-objection is issued, permission may, on application, also be issued to the Applicant to increase its qualifying holding, where 20, 33, 50 or 100 per cent may apply as the maximum.
- (6) Pursuant to Section 3:102(3) *Wft*, if a declaration of no-objection is issued pursuant to Section 3:96(1) *Wft*, this declaration may concern:
  - a. indirect units acquired or to be acquired by the Applicant through a subsidiary; or
  - b. indirect units acquired or to be acquired by the Applicant, not being units as meant under a, in so far as such units have been or shall be acquired beyond the applicant's scope of influence.

## 4. PROCESS UNDERLYING FORMULATION OF RECOMMENDATION

### 4.1 Process

The assessment of the application was performed by a team of staff members from various DNB divisions. The assessment of the applications from the Consortium and RFS Holdings was performed by another team of DNB staff. Both teams addressed the consistency of the recommendations in respect of the declarations of no-objection. Where the set-up and management of the process are concerned, DNB received advice and support from A.T. Kearney, a globally operating management consultancy.

The assessment was based on DNB's risk analysis FIRM (Financial Institutions Risk-analysis Method), with the aid of which relevant risks can be systematically charted. In the present case, parts of this system were adapted to make allowance for specific, transaction-related risks. In accordance with the FIRM model, the present analysis made classifies risks by (i) governance and strategic risks, (ii) financial risks, (iii) operational, IT-related and outsourcing risks, as well as (iv) integrity and legal risks. The risk analysis included the identification of (potentially) mitigating measures.

DNB's assessment included documents made available by Fortis and the Consortium. The most important documents included were the Consortium and Shareholders Agreement (CSA), the Supplemental Consortium and Shareholders Agreement (SCSA) (together: Agreements), documentation on Fortis' financing of its share of the public offer by RFS Holdings, the public announcements on the offer as placed by Fortis on its website, and the information obtained during, among other things, the meetings with the ABN AMRO Group on 20 June 2007, with the Consortium on 28 June 2007 and with Fortis on 5 and 6 July 2007. DNB also had several discussions with Merrill Lynch about the financing of the acquisition by the Applicant. A complete list of the documentation assessed can be found in Appendix 1.

Exercising due care, DNB discussed the proposed conditions and restrictions attaching to the declaration of no-objection with Fortis and the ABN AMRO Bank on 5 September 2007.

DNB and the Ministry of Finance were in close contact throughout, as were DNB and the Netherlands Authority for the Financial Markets (hereinafter: AFM) on the basis of the cooperation provisions of the Covenant concluded between DNB and AFM (*Staatscourant* (Government Gazette) 2007, 130). In addition, consultations were held with Fortis' Belgian supervisor, the *Commissie voor het Bank-, Financie- en Assurantiewezen* (CBFA), on the basis of the prevailing cooperation agreements.

### 4.2 Change in data

This recommendation is based on the documentation listed in Appendix 1. Should further information become available which might have prompted DNB to arrive at another judgement, additional or revised conditions or restrictions may become necessary. In this respect, reference is made to Section 3:105(4) *Wft*, which provides, in short, that DNB may attach further restrictions or conditions to a declaration of no-objection or withdraw such declaration if circumstances occur or facts become known which mean that the act for which the declaration of no-objection is issued does not meet the criteria to which issuance of such declaration is subject. Said provision applies to this recommendation *mutatis mutandis*.

In this context it should be noted that this recommendation is issued under special circumstances. Not only is the issue at hand an unprecedented case where a consortium of three banks desires to take over and break up a system-relevant bank, but, since several weeks, also with great uncertainties in the financial markets. These special circumstances impose special responsibilities on all parties concerned. DNB will therefore continue to monitor closely the emergence of any facts that have implications for the present recommendation and for a declaration of no-objection based on it.

In this context it should be noted that the parties' plans, aimed at a restructuring of the ABN AMRO Group - to be executed as soon as is reasonably possible - are included in the assessment of the application and tested in terms of the relevant criteria. Still, a bank established in the Netherlands which embarks on a merger or a financial or corporate reorganisation, requires a declaration of no-objection to do so pursuant to Section 3:96(1), under e and f, respectively, of the *Wft*. In the present case, involving the break-up of a major bank and the integration of components of that bank into another major bank, DNB considers it imperative that the Applicant undergoes an application procedure for a declaration of no-objection or obtains permission from DNB before accepting a component and integrating it into its own organisation. More detailed arrangements are to be made on this point. The qualifying holdings and the relating control, for the acquisition of which a declaration of no-objection is presently sought, and the subsequent further restructuring in the sense of break-up or integration are therefore very closely linked. As the Applicant's position in terms of information was of necessity limited, DNB considers intensive involvement in the subsequent process imperative. On the one hand, the conditions and restrictions considered necessary by DNB are therefore risk-mitigating in nature, while on the other, they are intended to ensure DNB's involvement in the subsequent restructuring process, in order to guarantee the interests which the *Wft* seeks to protect.

## 5. RECOMMENDATION

### 5.1 The Applicant's plans

On the basis of the data and documents presented by the Applicant, as well as the other information available to DNB during its formulation of the present recommendation, which is listed in Appendix 1, DNB notes the following.

#### *Strategy and objectives*

The collaboration between the three members of the Consortium and RFS Holdings is provided for by the CSA and the SCSA which amends parts of the CSA. The amended version and the SCSA (collectively referred to as the Arrangements) constitute an important basis for the present recommendation.

Once the offer has been fulfilled, the Consortium members will spend an initial 45 day period performing an elaborate Due Diligence test of ABN AMRO Group and drawing up a transition plan. Next, the Consortium members will proceed to divide between them the several components of ABN AMRO Group. Such components may be Business Units (BUs) (with their respective assets and liabilities), systems or other components of the organisation.

Under the Agreements, Fortis is to acquire the following components of ABN AMRO Group (the so-called 'Acquired Businesses'): BU NL (excluding the Dutch wholesale

clients, Interbank and DMC Consumer Finance), Private Clients (excluding Latin America) and Asset Management.

Fortis considers the proposed takeover of components of the ABN AMRO Group as an excellent opportunity to forcefully strengthen its position in the Dutch market, especially that in the mortgage and savings market and in commercial banking. Fortis would thus join top European Private Banks, and enhance its growth potential in asset management in Europe. Via the takeover, Fortis expects to save costs totalling EUR 1.15 billion as at 2010, and achieve synergy advantages totalling EUR 187 million. The total integration costs are put at EUR 1.54 billion.

The proposed division among the Consortium members has been made on the basis of ABN AMRO Group's 2006 Annual Accounts as well as other financial information periodically published by ABN AMRO Group. After fulfilment of the offer, the Consortium members will have 90 days to modify the division of the several components. In the event that the Consortium members cannot reach agreement among them, an independent auditor will be called in. As a last resort, the issue may be brought for arbitration before the International Chamber of Commerce.

#### *Public offer and financing*

RFS Holdings has made a public offer for the shares of ABN AMRO Holding, consisting of cash (93%) and RBS shares (7%). The value of the bid comes to around EUR 71.1 billion.

Where the financing of the offer by the various Consortium members is concerned, the following may be noted.

RBS' share in the offer amounts to EUR 27.2 billion, of which EUR 22 billion in cash. To finance the cash, RBS intends to issue preferred shares and debt certificates (to an amount of EUR 6.2 billion) and to release internal resources. The issues are underwritten by Merrill Lynch. No guarantee has been arranged by RBS for the remaining financing.

Santander's share in the offer comes to EUR 19.9 billion, fully in cash. Santander intends to issue EUR 9 billion worth of share capital via convertible instruments; it expects to procure the remainder (around EUR 11 billion) by optimising its balance sheet (expansion of securitisations and borrowing), as well as through asset disposals. The issues of convertible instruments are underwritten by four parties, including Merrill Lynch. No guarantee has been arranged by Santander for the remaining financing.

Fortis' share of the offer is EUR 24.1 billion, fully in cash. Fortis intends to finance this amount largely through the issue of new shares, convertible bonds, hybrid instruments, disinvestment and capital relief transactions (securitisations). The issues of shares and convertible bonds are underwritten by a number of parties, including Merrill Lynch. In addition, Fortis has arranged a borrowing facility of EUR 10 billion as bridging finance.

#### *Governance of Applicant*

The Applicant's current Board of Directors consists of three persons. Merchant Banking, Private Banking and the group functions are separate portfolios delegated to different Board members, while Retail Banking is a collective responsibility.

#### *Post-takeover legal structure*

If the public offer made by RFS Holdings is fulfilled, the legal structure will be as follows; it goes without saying that there may be minority shareholders as well.

[Deleted]

During the transition phase, the ABN AMRO Group will be reorganised into four new business units reflecting the final situation to be achieved.

[Deleted]

The Applicant has indicated that three new companies will subsequently be set up under ABN AMRO Holding: Santander Holding, Fortis Holding and Other Assets Holding. The Acquired Businesses can then be transferred to the holdings concerned; the RBS components will remain within ABN AMRO Bank, which is to be transferred to RBS. Fortis Holding will be transferred to Fortis and Santander Holding to Santander. The Retained Businesses will be transferred to the Other Assets Holding. When these Retained Businesses are sold, the proceeds will be divided among the shareholders. Ultimately the Other Assets Holding will be empty.

[Deleted]

#### *Governance of RFS Holdings*

Once the offer is fulfilled, RFS Holdings will be managed by an Executive Board consisting of four persons: one from Fortis, one from Santander and two from RBS (including the Chairman). The Executive Board shall in principle decide by majority voting (in the event of a tie, the decisive vote is cast by the Chairman). Unanimity is required for important decisions (board reserved matters<sup>2</sup>).

### **5.2 Agreements between DNB and CBFA**

The agreements between DNB and the Belgian supervisor CBFA within the Framework for the Exercise of the Supplementary Supervision of the Fortis Group stipulate that, should there be significant changes to Fortis' group structure or should Fortis acquire a significant qualifying holding, the supervisors are obliged to rethink their coordinating supervisor ship.

The consequences of the takeover by Fortis for the current agreements on supplementary group supervision and the roles fulfilled by CBFA and DNB in this context will be bilaterally discussed by them.

### **5.3 DNB's recommendation regarding Section 3:101, under a and b, *Wft***

DNB is of the opinion that none of the grounds listed in Section 3:101, under a and b, *Wft* oppose issuance of the declaration of no-objection requested by the Applicant, so long as the declaration is subject to the conditions and restrictions set out under 5.4 below. In this context, DNB considers the following.

#### *Fitness and propriety of directors*

The fitness and propriety of the persons determining the day-to-day policy of Fortis were ascertained earlier by DNB.

#### *Capitalisation*

[Deleted]

*Risks relating to strategy and objectives*

If the objectives with regard to the strategy chosen by Fortis are not realised, the synergy is not achieved or the extra contribution to profit falls short of expectations, this may affect its solvency position.

By attaching conditions to the declaration of no-objection for the Consortium and RFS Holdings, as well as the conditions formulated under 5.4.1, 5.4.2, 5.4.3 and 5.4.6 to issuance of a declaration of no-objection for the Applicant, DNB seeks to ensure that this risk is mitigated so that the solvency and the sound and prudent operations of the Applicant are not jeopardised.

*Risks relating to financing of the offer*

To assess the financing, DNB examined the financing agreements, commitment letters and financing plans, and held several discussions with Fortis, the Consortium and Merrill Lynch.

Merrill Lynch has given an underwriting commitment for the financing, insofar as it consists of the issuance of new shares and hybrid instruments. For the remaining part of the capital needed, Fortis is relying on various measures which will take longer to realise. To bridge this period, a loan facility has been obtained [Deleted].

As regards the financing of the takeover bid, Fortis' position is a complex one. It will have to raise Tier 1 capital; the issue will be very large. The current uncertainties on the financial markets, i.e. those created by liquidity drying up – which make banks increasingly dependent on call money and various segments of the capital market, such as securitisations, hybrids and bank debt certificates, have led to special attention being paid to the solvency and liquidity positions of Fortis. [Deleted] DNB therefore deems it imperative that the financing be adequately safeguarded.

Consortium has confirmed in writing that RFS Holdings shall determine by unanimity whether all conditions have been met for fulfilment of the offer. For instance, should one of the Consortium members take the stance that a material adverse change is in evidence, the other members shall conform to this stance and unanimously invoke the relevant resolatory condition in order not to fulfil the offer.

By attaching the conditions formulated under 5.4.6 and 5.4.10 to issuance of a declaration of no-objection, DNB seeks to ensure that these risks are mitigated so that the Applicant's solvency is not jeopardised.

*Risks relating to Fortis' structure and governance following the takeover*

DNB draws attention to the risk that Fortis would be incapable of adequately integrating the ABN AMRO Group components which it intends to acquire into its existing structures. As a result of insufficient attention to these components, both during and after the integration, the financial and operational objectives may not be achieved. The Dutch retail activities will therefore need to be addressed more specifically by the Board of Directors, and the management and group functions of the Dutch activities will have to be given more clout.

By attaching the conditions formulated under 5.4.4 and 5.4.5 to issuance of a declaration of no-objection, DNB seeks to mitigate this risk so that the sound and prudent operations of the Applicant are not jeopardised.

*Risks relating to the governance of RFS Holdings*

Fortis has a vote in the Executive Board of RFS Holdings, including the right to veto important decisions ('Board reserved matters').<sup>3</sup> During the transition phase, ABN AMRO Group will be managed as one whole with a Board of Management and a Supervisory Board who must properly acquit themselves of their legal duties and duties under the Articles of Association. As a shareholder, Fortis can nominate a supervisory director and a member of the board of ABN AMRO Group for appointment by the General Meeting of Shareholders. Still, the governance of RFS Holdings and the interaction between the Consortium members, as laid down in the Agreements, may lead to a situation where Fortis is unable to sufficiently further its economic interests.

By attaching conditions to issuance of a declaration of no-objection to the Consortium and RFS Holdings, as well as the conditions formulated under 5.4.1 and 5.4.6 to issuance of a declaration of no-objection to the Applicant, DNB seeks to ensure that this risk is mitigated so that neither the solvency nor the sound and prudent operations of the Applicant are jeopardised.

*Financial risks*

From the moment the Applicant acquires an indirect qualifying holding in ABN AMRO Holding, it becomes economically entitled, under the provisions of the Agreements, to the ABN AMRO Group components which it intends to acquire. The net results of these components will accrue to the Applicant. Any additional solvency and liquidity needs on the part of these components will, in principle, have to be met by the Applicant.

[Deleted]

In addition, DNB is of the opinion that concentrations of large exposures at both Fortis and the ABN AMRO Group should be assessed in their entirety. The large exposure report, which is intended to provide insight into the magnitude of correlated credit risks, therefore needs to be submitted in a consolidated version.

Under the Agreements, RBS will, be the first in line of responsibility to meet any solvency and/or liquidity needs of ABN AMRO Group, if and when called upon to do so by the prudential supervisor. However, under the cooperation agreements, Fortis and Santander should as yet bear the burden of the support lent by RBS to the extent that it can be shown to relate to the part of ABN AMRO Group which they intend to take over. The burden relating to jointly owned components will be shared pro rata by the Consortium members. For Fortis this could lead to an additional liquidity risk. However, if this should entail serious problems for Fortis, Fortis may decline to lend support. Yet after Fortis has taken over the intended components of ABN AMRO, it will in any case have to meet any solvency and/or liquidity needs independently. DNB is of the opinion that this liquidity risk should be monitored and reported on a consolidated basis.

By attaching conditions to issuance of a declaration of no-objection to the Consortium and RFS Holdings, as well as the conditions formulated under 5.4.6 and 5.4.7 to issuance of a declaration of no-objection to the Applicant, DNB seeks to ensure that the extra

---

<sup>3</sup> I.e. equity capital changes, amendments to the Articles of Association, the sale of parts of the business, investments in excess of EUR 150 million, related party contracts, entry into joint ventures, material changes in the breakdown between retained businesses and acquired businesses, litigation in the context of the breakdown between retained businesses and acquired businesses, takeovers, entry into contracts that fall outside the scope of day-to-day operations.



financial risks are mitigated so that neither the solvency nor the sound and prudent operations of the Applicant are jeopardised.

*Operational, ICT and outsourcing risks*

The acquisition, break-up and subsequent integration of the Acquired Businesses will entail higher operational risks, both within the Acquired Businesses and within the existing business units into which they will be integrated. It must be remembered that systems and processes are to be drastically changed while remaining operational. Such a complex and risky process calls for careful preparation and implementation. Staffing is also under extra pressure because the preparatory activities for the break-up and integration must be performed in addition to standard operations; the chances of errors are consequently increasing.

Specific higher operational risks are anticipated in the area of IT integration processes. Intervening in technologically complex systems may have unexpected side effects. This calls for a careful and transparent transition process.

By attaching conditions to issuance of a declaration of no-objection to the Consortium and RFS Holdings, as well as the conditions formulated under 5.4.1 to 5.4.3 to issuance of a declaration of no-objection to the Applicant, DNB seeks to ensure that this risk is mitigated so that the sound and prudent operations of the Applicant are not jeopardised.

**5.4 Recommendation on the conditions and restrictions to be attached to the declaration of no-objection**

*Introduction and underlying principles*

Pursuant to the provisions of Section 1:105(1), opening words and under c, in conjunction with Section 1:102(2) *Wft*, conditions and restrictions may be attached to a declaration of no-objection with a view to the interests which this particular part of the *Wft* – and more specifically Part 3.3.11 of the *Wft* on qualifying holdings in and by financial institutions – seeks to protect. In addition, pursuant to Section 3:104 (1) *Wft*, conditions and restrictions may be attached to such declaration on the basis of the considerations mentioned in Section 3:101 *Wft*. If the holder of a declaration of no-objection fails to comply with the attaching conditions or restrictions, DNB is authorised, pursuant to Section 1:75 *Wft* to give an instruction to the holder to adhere to a certain line of conduct. Pursuant to Section 3:105(3), under b, *Wft*, DNB may withdraw the declaration fully or in part if the holder of the declaration of no-objection fails to adhere to the line of conduct prescribed by DNB under Section 1:75 *Wft*.

In order to prevent the Applicant from failing to comply with the solvency requirements and the sound and prudent operations of the Applicant from being jeopardised, DNB considers it imperative to attach the following conditions and restrictions to a declaration of no-objection.

*Specific conditions and restrictions*

**5.4.1 Integration plan**

1. Within two months of the approval of the transition plan drawn up by the ABN AMRO Group (see the recommendation relating to the Consortium), the Applicant shall draw up a robust integration plan for its own organisation providing in any case for (1) both the legal and the operational set-up of the organisation for the purpose of the integration process, (2) the unequivocal tasks and responsibilities of the Board of

Directors, senior management, the group functions and the project organisation, and (3) reporting lines. In addition, the continuity of the staffing of key positions and the preservation of sufficient knowledge of both organisation of both the Applicant and the Acquired Businesses, shall be guaranteed during the integration phase. The plan shall provide for balanced cooperation between the organisations, culture management and ways to prevent large-scale departure of staff.

2. With regard to the operational and ICT risks, the integration plan shall in any case address, and provide sufficient insight into, the following aspects: (1) description of the IT and Services strategy, (2) approval and test process for all changes, (3) documented risk analysis providing insight into the organisational, commercial and technological feasibility, (4) a robust IT project organisation for the performance of the necessary projects for the integration of the BUs, operation centres and platforms, including the ICT governance structure and reporting lines, and (5) the meaning of 'joint services arrangement' and which platforms are qualified as such. In addition, the continuity and reliability of (time) critical banking processes, such as domestic and international (inter-bank) payments, and of liquidity management in the context of global inter-bank payments before, during and after the integration, shall be guaranteed at all times. The transition plan shall guarantee that the integration of processes and procedures with regard to liquidity management shall not take place before the (supporting) administrative systems have been integrated.

3. The integration plan shall detail how the group functions (including Compliance, Finance, Internal Audit, Risk Management, Legal and ALM) can continue to function adequately during the integration phase, for one by paying sufficient attention to the retention of the relevant key officers from the originally different organisations. Given the greater complexity of Financial and Management Accounting, special attention shall be paid to the Finance function.

4. The integration plan shall guarantee that the integration is effected with due care, both in substance and in time. In the context of the supervisory measure taken with respect to ABN AMRO by DNB on 19 December 2005 – and formally withdrawn by DNB on 26 July 2007 – the line of conduct followed by the ABN AMRO Group to improve its business operations shall be translated by the Applicant into measures which shall also remain in operation after the integration phase.

5. The integration plan shall be based on a sound risk analysis, which must be submitted to DNB for approval.

6. The objectives in the plan shall be provided with realistic time lines and benchmarks.

7. Measures taken by the Applicant which may have consequences for any special lending activities (ELA), issues of burden sharing, or the scope of the deposit guarantee scheme shall be submitted to DNB.

8. The integration plan and any material changes to it shall be submitted to DNB for approval.

#### **5.4.2 Project organisation**

1. The Applicant shall set up a project organisation to draw up and execute the integration plan.

2. The project organisation shall be staffed in a balanced manner with persons from the originally different organisations and shall be adequately documented.

3. The set-up and tasks and responsibilities of the project organisation, as well as any material changes to them, shall be submitted to DNB for approval.

#### **5.4.3 Reporting**

1. The Applicant shall report monthly to DNB about the execution of the integration plan and about the risk analysis situation.

2. The Applicant shall follow up any instructions given by DNB concerning the execution of the integration plan, with a view to the interests which the *Wft* seeks to protect.

#### **5.4.4 Composition of Applicant's Board of Directors**

The Applicant shall adjust the size and composition of its Board of Directors in such a way that, besides the various business lines, the relevant group functions are also allocated to a person bearing ultimate responsibility at the level of the Applicant's Board of Directors.

#### **5.4.5 Group functions**

The Applicant shall ensure that Fortis' organisational structure and group functions shall be adjusted to the nature, scope and location of its activities after the acquisition of the ABN AMRO Group components which it intends to acquire.

#### **5.4.6 Solvency**

1. [Deleted]
2. The Applicant shall have a solvency ratio of [Deleted], both on a consolidated basis (including the ABN AMRO Group components which Fortis intends to acquire) and on the basis of the equity method (whereby an equity deduction is applied for the investment in RFS Holdings), during the entire transition phase and until a time to be set later in consultation with DNB.
3. During the transition phase large-exposure reporting by the Applicant shall include both the large exposures of its own operations and the large exposures of the ABN AMRO Group components which it will acquire.

#### **5.4.7 Liquidity**

The Applicant shall manage and monitor its liquidity on a consolidated basis. The liquidity returns to DNB shall be compiled inclusive of the ABN AMRO Group components which the Applicant intends to acquire.

#### *General conditions and restrictions*

Apart from the above specific conditions and restrictions, and the obligations ensuing from Dutch legislation, including the obligation to comply with all conditions and restrictions attaching to issuance of declarations of no-objection, the obligation to cooperate in the supervision exercised by the supervisor, and the possibilities of escalation provided by Dutch legislation in the event of violation of any condition or restriction attaching to the declarations, DNB also deems it necessary to attach the following general conditions to the issuance of the declarations.

#### **5.4.8 Changes to the application**

The holder of the declaration of no-objection shall notify changes in data or circumstances which are or might be relevant for this declaration or for the (prudential) supervision exercised on the financial group companies involved in the individual declarations to DNB forthwith in writing. The holder shall in any case notify the following changes or planned changes in circumstances:

- changes in the group structure or changes in the organisational structure, or in the division of competences, which influence or might influence the obligation which the holder of the declaration has undertaken towards the enterprises in which the qualifying holding and the attending control are held;

- a decrease in the size of the holding or a reduction of the control relating to the holding.

#### **5.4.9 Applications for declarations of no-objection**

The Applicant shall, before transferring any ABN AMRO Group component and integrating it into its own organisation, obtain either a declaration of no-objection or permission from DNB.

#### *Entry into force of the declaration of no-objection*

DNB deems it necessary to make the entry into force of the declaration of no-objection dependent on compliance with the following conditions:

#### **5.4.10 Entry into force**

This declaration shall enter into force if the public offer is fulfilled by the bidder no later than 31 December 2007, in the manner and under the conditions listed in the offer document of 20 July 2007 and not until after the financing is adequately safeguarded.

## 6. RECOMMENDATION

On the basis of the considerations mentioned above, DNB recommends that you grant the Applicant a declaration of no-objection, provided the stipulations and restrictions enumerated above are attached thereto, for the qualifying holding pursuant to Section 3:96(1), opening words and under b<sup>4</sup>, in conjunction with Section 3:97(1), under c, in conjunction with Section 3:102(1) and (3), under a, *Wft* with a bandwidth of 10–100 per cent in the issued capital of ABN AMRO Bank and its group companies,<sup>5</sup>

In addition, DNB will grant to the Applicant, on the basis of the considerations set out above and subject to the above conditions and restrictions, for the qualifying holding in a financial institution as meant in Section 3:96(1), under b, *Wft*, a declaration of no-objection as meant in Section 3:96(1), under b, in conjunction with Section 3:102(1) *Wft* with a bandwidth of 10-100 per cent with respect to a qualifying holding in the issued capital of RFS Holdings and a declaration of no-objection as meant in Section 3:96(1), under b, in conjunction with Section 3:102(1) *Wft* with a bandwidth of 10-100 per cent with respect to a qualifying holding in the issued capital of ABN AMRO Holding.

## 7. STATUTORY OBLIGATIONS OF THE APPLICANT

We also advise You to explicitly draw the Applicant's attention, in Your decision, to the following statutory obligations:

When a declaration of no-objection issued stipulates a bandwidth, no new or changed declaration is required for any increase or decrease of the size of the holding which falls within the bandwidth permitted. This does not change the notification obligation mentioned in Section 3:103(1) *Wft* in respect of an upward or downward overrun of the limits within the permitted bandwidth stipulated in this Section or when the financial undertaking concerned becomes a subsidiary. The notification obligation also applies

---

<sup>4</sup> If and to the extent that the norm referred to in section 3:96(1), under b, *Wft*, of one per cent of the Applicant's consolidated balance sheet total is exceeded.

<sup>5</sup> These group companies are assumed to be the group companies forming part of the ABN AMRO Group on the date of issuance of the declaration of no-objection.

when the financial undertaking concerned ceases to be a subsidiary or the size of the holding falls below 10 per cent. In the case of a downward overrun of this lower limit, the declaration of no-objection pertaining to this holding ceases to be valid by operation of law.

## 8. ANNOUNCEMENT AND PUBLICATION

With regard to the announcement of the decision of the Minister on the Application, we wish to draw your attention to the provisions of Sections 3:40 and 3:41 of the General Administrative Law Act (*Algemene wet bestuursrecht*), on the basis of which this decision must in any case be sent or presented to the interested parties, including the Applicant. Supplementary to these provisions, Section 3:105(1), first sentence, *Wft* stipulates that DNB shall inform the undertaking in which the qualifying holding is held that a declaration of no-objection has been issued. DNB will implement this provision by sending a copy of the Minister's decision to ABN AMRO Bank. In this context, we request your Ministry to send us a copy of your decision as it was announced as soon as possible.

We also wish to point out to You the provisions of Section 3:105(2) *Wft*, to the effect that the issuance of a declaration of no-objection shall be announced by DNB in the *Staatscourant* (Government Gazette), unless such publication would or could disproportionately advantage or disadvantage interested parties. In this context, we request you to draw attention to this publication obligation in the decision itself, so that interested parties who are of the opinion that this publication will lead to disproportionate advantaging or disadvantaging can indicate this in time.

Yours sincerely,

Dr. A.H.E.M. Wellink