

# Press release

Brussels / Utrecht, 29 September 2008

## **Governments of Belgium, Luxembourg and the Netherlands invest EUR 11.2 billion in Fortis**

**Concerted action of the three governments and the respective supervisory authorities to support Fortis**

- **Governments of Belgium, Luxembourg and the Netherlands invest EUR 11.2 billion in the respective Fortis bank institutions in each country**
- **Fortis will sell its interest in ABN AMRO (RFS Holdings)**
- **Maurice Lippens resigns from the Fortis Board of Directors**
- **Due to the change in strategy, the deteriorated business environment and the decision to further de-risk the balance sheet, total value adjustments are expected of around EUR 5 billion after tax in the third quarter**
- **Above measures lead to an estimated Fortis core equity of around EUR 30 billion. This results in a EUR 9.5 billion excess core equity for Fortis and a Bank core equity ratio of above 9% (Basel I) at end of the third quarter 2008. This translates into a total regulatory capital ratio for Fortis Bank of 13%**
- **The announced sale of the participation in RFS Holdings will trigger an impairment, potentially negatively impacting core equity**

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Fortis and the Governments of Belgium, the Netherlands and Luxembourg announce that they have entered into an agreement, whereby the Government of Belgium has agreed to invest EUR 4.7 billion in Fortis Bank (Belgium), the Government of the Netherlands has agreed to invest EUR 4.0 billion in Fortis Bank Nederland (Holding) N.V., and the Government of Luxembourg will invest EUR 2.5 billion in Fortis Banque Luxembourg SA.

*'The actions taken by the Belgian, Luxembourg and Dutch governments are a sign of confidence in Fortis and of comfort to customers and all other stakeholders alike,' reacts Fortis CEO elect Filip Dierckx. 'These actions ensure the financial strength and stability of our company going forward.'*

### **Divestment of ABN AMRO activities**

The sale of the stake in RFS Holdings will represent the acquired activities of ABN AMRO, excluding Asset Management (already transferred in the 2<sup>nd</sup> quarter of 2008). This sale, at a price below the acquisition price of EUR 24 billion will lead to an impairment. This impairment will not impact total regulatory capital. However, a sales price below EUR 12 billion would, for that difference, negatively impact core equity.

### **Expected value adjustments in the third quarter**

Due to the change in strategy, the deteriorated business environment and the decision to further de-risk the balance sheet, total value adjustments are expected of around EUR 5 billion after tax in the third quarter, related to, among others, the deferred tax assets, goodwill on the separately managed asset managers and the structured credit portfolio.

Within the CDO origination portfolio, the high grade assets are anticipated to be written down to 25% and the mezzanine and warehouse positions to 10%. On average 78% of the total CDO origination portfolio is written down. The remaining net exposure on the CDO origination portfolio is expected to amount to EUR 1.1 billion, subject to approval of the external auditors. In addition to the impairments on the CDO origination portfolio, further impairments are expected to be taken on the remainder of the structured credit portfolio.

In addition, Fortis will impair EUR 1.2 billion of US deferred tax assets.

### **Fortis Capital position after the announced measures**

All the measures announced will lead to a core equity for Fortis of around EUR 30 billion, EUR 9.5 billion above target. Fortis Bank Core Tier 1 ratio is estimated at above 9% (Basel I), well in excess of regulatory minimum. The total regulatory capital ratio of Fortis Bank under Basel II is estimated to be around 13%.

### **Governance changes**

Maurice Lippens decided to step down from the Fortis Board of Directors. The new Chairman will be recruited from outside the company in consultation with the Belgian government. In addition, the governments of Belgium, the Netherlands and Luxembourg will receive significant board representation in the respective Fortis banks

### **Structure of Capital injection:**

The terms of the investment by the respective governments are as follows:

- the Government of Belgium has agreed to invest EUR 4.7 billion in Fortis Bank NV/SA (Belgium) in exchange for a 49% share in the common equity of this entity
- The Government of the Netherlands invests EUR 4.0 billion in Fortis Bank Nederland (Holding) N.V. in exchange for a 49% ownership in this entity
- The Government of Luxembourg invests EUR 2.5 billion in Fortis Banque Luxembourg SA in the form of a mandatory convertible loan. Next to other rights, Luxembourg will be entitled, upon conversion, to 49% of Fortis Banque Luxembourg.

Fortis Bank Nederland (Holding) N.V. and Fortis Banque Luxembourg SA are subsidiaries of Fortis Bank NV/SA.

The capital investment by the Dutch government will be made against the issue by FBN(H) to DNB of a new category of shares to be created through an amendment of the articles of association to such effect. This new category will not be entitled to receive the proceeds of any sale of the stake held by FBN(H) in RFS Holdings B.V., either by way of dividend distribution or otherwise.

Where necessary, regulatory and shareholder approval will be requested.

Fortis is an international provider of banking and insurance services to personal, business and institutional customers. We deliver a total package of financial products and services through our own high-performance channels and via intermediaries and other partners. We have a presence in over 50 countries and a dedicated, professional workforce of more than 65,000. More information is available at [www.fortis.com](http://www.fortis.com).

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