

FORTIS 

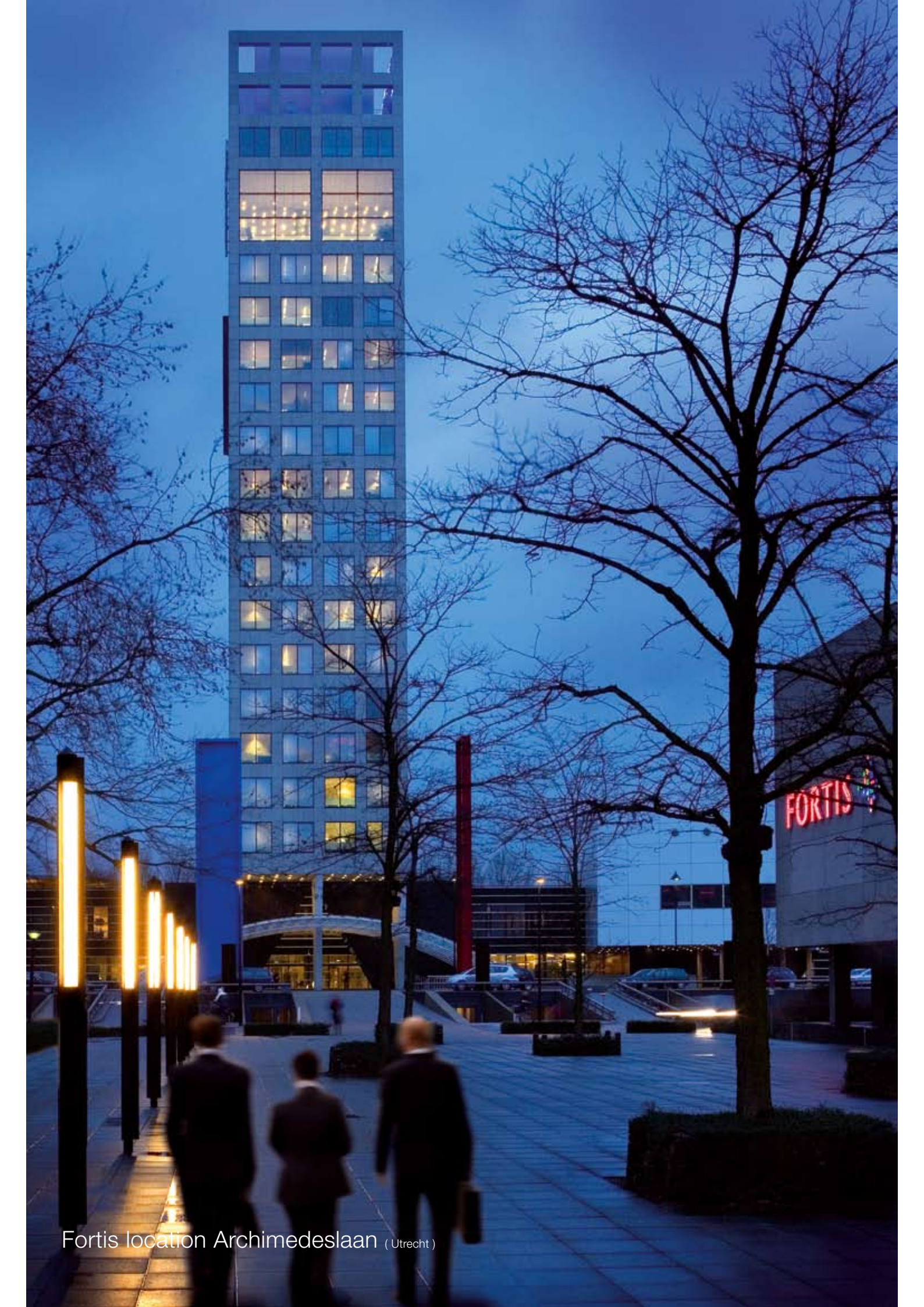
Annual Review 2006

Fortis Bank Nederland (Holding) N.V.

Annual Review 2006

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Fortis location Archimedeslaan (Utrecht)

Profile

Fortis Bank Nederland (Holding) N.V. is part of Fortis Bank N.V. in Brussels and of Fortis, an international financial services provider active in the fields of banking and insurance. With total assets of EUR 775 billion and shareholders' equity of EUR 20.6 billion, Fortis is one of the twenty largest financial institutions in Europe. With its sound solvency position and broad spread of risk and the extensive expertise of its 59,747 employees, Fortis combines global strength with local flexibility to provide optimum support for its customers. As of 31 December 2006, Fortis Bank Nederland (Holding) N.V. had total assets of EUR 210 billion and 10,727 employees.

Fortis is determined to develop and strengthen the leading position it already occupies in the Benelux countries, which constitute its home market. Fortis can draw on the expertise it has acquired in its home market in achieving its ambitions for European growth. Fortis also engages successfully in a number of selected activities worldwide, putting its expertise and experience to good use in bancassurance in several countries in Europe and Asia.

Sustainable economic growth and social responsibility are the principles which underpin Fortis' operations. Fortis is committed to the welfare of its millions of customers and is deeply rooted in the local community.

Fortis is listed on the Amsterdam, Brussels and Luxembourg stock exchanges and has a sponsored ADR programme in the United States.

Fortis Bank Nederland (Holding) N.V. (hereinafter referred to as 'Fortis Bank Nederland') is the holding company which owns all the shares in Fortis Bank (Nederland) N.V.. It was created by the merger of three banks, VSB Bank, Generale Bank Nederland and MeesPierson, all of which have a long and impressive history.

Fortis Bank Nederland is solely liable for the obligations arising out of the legal actions of Fortis Bank (Nederland) N.V. within the meaning of Section 403, subsection I, paragraph f, of Book 2 of the Netherlands Civil Code.

Fortis Bank Nederland is the banking division of Fortis Bank S.A./NV. in the Netherlands and is the holding company for a variety of businesses providing banking and financial services in the Netherlands and abroad. Its main activities are retail banking, commercial and private banking and merchant banking.

Fortis Bank Nederland provides financial services under the 'Fortis Bank' brand. The private banking operations in the Netherlands are conducted under the 'Fortis MeesPierson' label.

Fortis Bank Nederland also encompasses a number of Dutch and international businesses that continue to provide specialist financial services under their existing names. These include Fortis Commercial Finance Holding N.V. (factoring services), NeSBIC Groep B.V. (venture capital), International Card Services B.V. (card services), ALFAM Holding N.V. (consumer credit), Direktbank N.V. (mortgages), Fortis Groenbank B.V. (sustainable investments), Fortis Intertrust N.V. (trust services) and Fortis Hypotheek Bank N.V. (residential mortgages).

Credit ratings of Fortis Bank Nederland (Holding) N.V.

	Long-term	Outlook	Short-term
Standard & Poor's	AA-	Stable	A-1+
Moody's	Aa3 ¹	Stable	P-1
Fitch Ratings ¹	AA-	Stable	F 1+

¹ Moody's revised the long-term rating on 10 April 2007 to Aa2

Objectives

The cornerstones of the Fortis strategy are to grow our banking and insurance franchise profitably by focusing on the customer; to concentrate on Europe, while pursuing selective growth in Asia and North America; and to create one strong international brand. All this will enable it to deliver sustainable stakeholder value

In late 2006 Fortis enhanced its operating model by creating three client-centric businesses, allowing Fortis to better leverage our core competences and to optimise cross-selling opportunities. We upgraded our support functions, too, helping us to achieve controlled growth primarily in Europe and selectively in Asia and North America.

To sustain our growth momentum, we will concentrate our management focus, talent and capital on selected core competences, enabling us to accelerate the rollout of our skills to new markets. At the same time, we will continue to pursue external growth opportunities in order to execute our plans even more effectively or enter new markets by making add-on acquisitions according to strict investment criteria.

While our strategy remains unchanged, we have updated our business plans and long-term financial targets to the end of 2011.

Fortis Bank Nederland is the banking division of Fortis in the Netherlands and is active as a holding company for a variety of businesses providing banking and financial services in the Netherlands and abroad. Fortis Bank Nederland will continue to contribute to this strategy.

Key figures

The figures shown below are derived from the 2006 consolidated financial statements of FBN(H) prepared in accordance with IFRS as adopted by the EU.

	2006	2005	2004	Change 05-06	Change 04-05
Income statement (in EUR million)					
Income	3,473	3,153	2,238	10.1%	40.9%
Expenses	(1,824)	(1,707)	(1,614)	6.9%	5.8%
Net profit	1,157	1,049	416	10.3%	152.2%
Balance sheet (in EUR million)					
Due from customers	124,038	108,775	97,524	14.0%	11.5%
Customers deposits	63,856	51,618	47,280	23.7%	9.2%
Shareholders' equity	5,910	5,613	3,915	5.3%	43.4%
Total assets	209,749	170,871	169,621	22.8%	0.7%
Assets under management	35,624	34,448	31,437	3.4%	9.6%
Financial measures					
Return on equity	20.1%	22.0%	11.2%		
Cost/income ratio	52.5%	54.1%	72.1%		
Risk-weighted commitments	66,995	63,323	53,460	5.8%	18.4%
Tier 1 ratio	8.6%	8.5%	7.9%		
Total capital ratio	10.5%	10.5%	9.5%		
Employees (year-end)					
FTE's	9,949	9,459	9,404	5.2%	0.6%
Headcount	10,727	9,950	10,100	7.8%	-1.5%
Net profit per FTE (x EUR 1000)	116	111	44	4.5%	150.7%

Board structure

Supervisory Board

A.M. Kloosterman (Chairman)
 K.A.M. De Boeck
 J.M.A. Clijsters
 P.J.A. Depovere
 F.R.J. Dierckx
 H.C.L. Verwilt

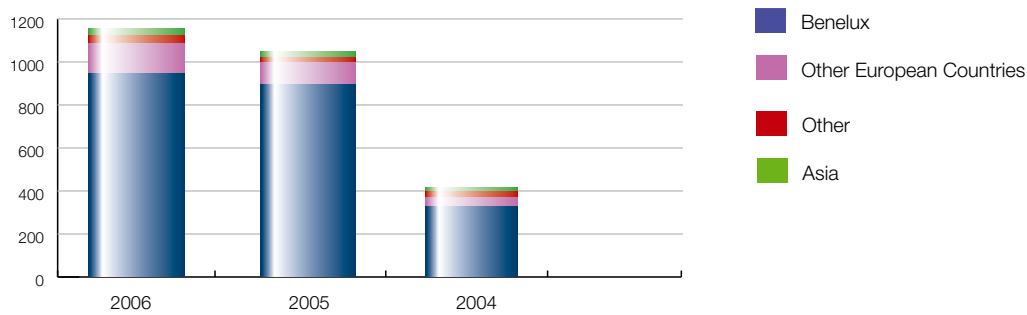
Executive Board

J.C.M. van Rutte (Chairman)
 F.J. van Lanschot
 H.P.F.E. Bos

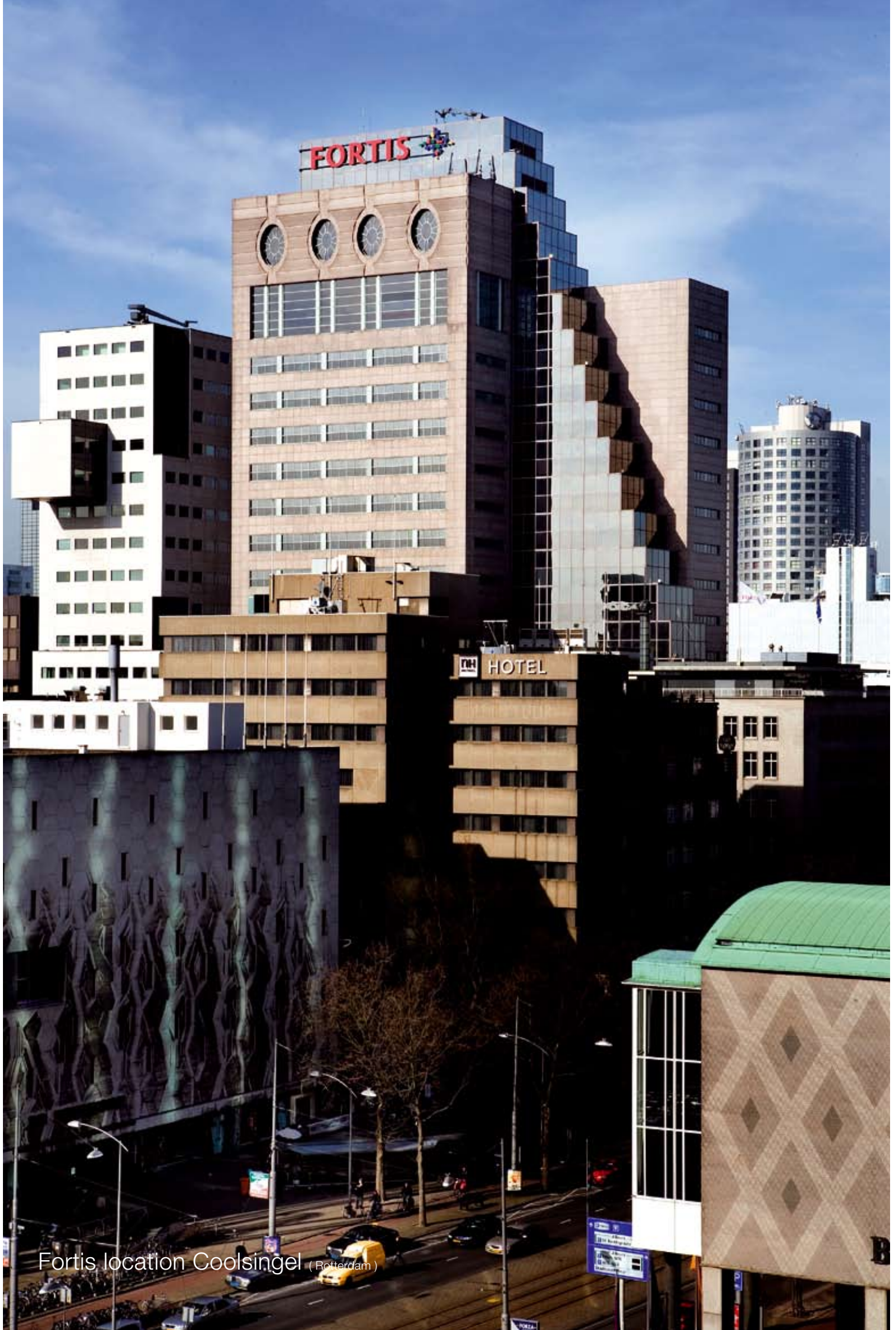
Company Secretary

Mrs J.G. Bertels

Geographical split of net profit



	2006	2005	2004
Totaal			
Benelux	946	895	329
Other European Countries	140	101	42
Others	35	26	26
Asia	36	28	20



Fortis location Coolingsingel (Rotterdam)

Report of the Executive Board to the shareholders

We are pleased to present the annual report for the year 2006. The annual report of FBN(H) constitutes of two separate documents, the Annual Review 2006 and the Financial Statements 2006. The Financial Statements consist of the consolidated and the company financial statements of Fortis Bank Nederland (Holding) N.V.. The Financial Statements are duly signed by the members of the Executive Board and the Supervisory Board in accordance with Article 15 of the Articles of Association. KPMG Accountants N.V. have audited these financial statements, their auditors' statement is given on page 41 and their auditors' report is included in the financial statements as 'other information'. We recommend that you adopt the financial statements, exercising your authority under Article 15 (5) of the Articles of Association, thereby ratifying the actions of the members of the Executive Board in respect of their management and those of the members of the Supervisory Board in respect of their supervision in the past year.

Profit appropriation

An interim dividend of EUR 500 million has been paid to the holders of ordinary shares. We recommend that the General Meeting of Shareholders add the remaining profit of EUR 582 million to the reserves, after deducting the final dividend of EUR 75 million payable to the holders of ordinary shares pursuant to Article 19 (3) of the Articles of Association.

Capital

The authorised share capital as at 31 December 2006 amounted to EUR 1,000,022,014, divided into 1,453,709 ordinary shares, 750,001 non-cumulative preference shares and one cumulative preference share, each with a nominal value of EUR 453.79. As at 19 January 2007, the authorised share capital amounted to EUR 1,000,022,014, divided into 1,853,711 ordinary shares and 350,000 non-cumulative preference shares, each with a nominal value of EUR 453.79.

Supervisory Board

Mr. B.J.H.S. Feilzer stood down as Chairman of the Supervisory Board on 28 November 2006 upon his retirement and was succeeded by Mr. A.M. Kloosterman. Mr. J.M.A. Clijsters was appointed to the Supervisory Board with effect from 26 September 2006.

We thank Mr. Feilzer for his valuable contribution to the development of both Fortis and Fortis Bank Nederland.

Executive Board

Mr. C.J. Beuving stood down as Chairman of the Executive Board on 1 October 2006 upon leaving Fortis' service and was succeeded by Mr. J.C.M. van Rutte. We thank Mr. Beuving for his valuable contribution to the development of the Fortis Bank Nederland.

Mr. R.H.L. ten Heggeler stood down as member of the Executive Board on 1 May 2006 upon leaving Fortis' service. He was succeeded by Mr. H.P.F.E. Bos as CEO of Private Banking and as the member of the Executive Board with responsibility for Commercial & Private Banking.

We want Fortis to be Europe's leading
cross-border bank serving both
enterprises and entrepreneurs.

Executive Board

The primary areas of responsibility of the Executive Board members as at 31 December 2006 were as follows:

J.C.M. van Rutte **Chairman of the Executive Board**
 responsible for: Technology, Operations and Process services
 HRM (including Works Council)
 Audit Services
 Performance management, Consolidation and Accounting
 Central Risk Management
 Facilities and Purchasing
 Legal, Compliance and Investigations
 Tax
 General Secretary

F.J. van Lanschot **Member of the Executive Board (Vice Chairman)**
 responsible for: Merchant Banking

H.P.F.E. Bos **Member of the Executive Board**
 responsible for: Commercial & Private Banking including
 Trust Services and Factoring
 Corporate Sustainability
 Customer Events



left to right: J.C.M. van Rutte, F.J. van Lanschot, H.P.F.E. Bos

Overall responsibility for Retail Banking is shared by the Executive Board.

Recent developments

The Articles of Association were amended with effect from 19 January 2007 to bring them into line with changes to the Netherlands Civil Code following amendments to the corporate structure legislation (Structuurwet).

Appreciation

The bank's results in 2006 were more than excellent, due solely to our continued focus on a high standard of service for our highly valued and rapidly increasing customer base.

Fortis Bank was voted 'Best Commercial Bank of the Year 2006' (Zakenbank van het jaar 2006) in the annual poll organised by Het Financieele Dagblad in cooperation with Erasmus University in Rotterdam.

In every organisation, and especially in a service company such as our bank, both customer satisfaction and the company's results are largely the product of staff commitment and expertise. On behalf of our Board and the Supervisory Board, we take this opportunity to express our appreciation to our employees for their dedication and hard work.

Utrecht, 26 March 2007

Executive Board

J.C.M. van Rutte, Chairman

F.J. van Lanschot

H.P.F.E. Bos

In every organisation, and above all in a service company such as our bank, customer satisfaction and results are determined to a large extent by staff commitment and expertise.

Report of the Executive Board for 2006

The figures presented in this report are derived from the consolidated financial statements of Fortis Bank Nederland (Holding) N.V. prepared in accordance with IFRS as adopted by the EU.

Highlights in 2006

- Net profit of EUR 1,157 million
- Transfer of Fortis ASR's Facility department to FBN
- Cancellation of loans between FHB and Fortis Finance
- Sale of Euronext shares in February 2006

Results

Fortis Bank Nederland's net profit was 10% higher in 2006, at EUR 1,157 million (2005: EUR 1,049 million).

Consolidated income statement

Table: Net profit in 2006, 2005 and 2004 is analysed below presents a breakdown of net profit in 2006, 2005 and 2004.

In EUR million	2006	2005	2004
Income			
Interest income	13,532	8,893	7,642
Interest expense	(12,075)	(7,283)	(6,204)
Net Interest income	1,457	1,610	1,438
Fee and commission income	957	852	798
Fee and commission expense	(111)	(104)	(114)
Net fee and commission income	846	748	684
Dividend and other investment income	20	48	36
Share in result of associates and joint ventures	10	32	36
Realised capital gains (losses) on investments	97	161	112
Other realised and unrealised gains and losses	884	487	(128)
Other income	159	67	60
Total income	3,473	3,153	2,238
Change in impairments	(70)	(62)	(29)
Net revenues	3,403	3,091	2,209
Expenses			
Staff expenses	(848)	(923)	(794)
Other expenses	(843)	(664)	(727)
Depreciation and amortisation of tangible and intangible assets	(63)	(58)	(64)
Total expenses	(1,754)	(1,645)	(1,585)
Profit before taxation	1,649	1,446	624
Income tax expense	(472)	(377)	(189)
Net profit for the period	1,177	1,069	435
Net profit attributable to minority interests	20	20	19
Net profit attributable to shareholders	1,157	1,049	416

Net interest income was EUR 153 million lower at EUR 1,457 million, including penalty fees paid of €EUR 86 million due to the cancellation of loans between FBN subsidiary Fortis Hypotheek Bank and Fortis Finance, which resulted into lower funding costs for FHB.

Capital gains on investments were EUR 64 million lower at EUR 97 million. The 2006 result consists mainly of the gain on the Euronext shares which were sold in February 2006.

Other realised and unrealised gains and losses totalled EUR 884 million in 2006, an increase of EUR 397 million, due primarily to Merchant Banking's results on equity investments and securities-financing activities partly compensated for by related lower interest income and improved results by the ALM department on derivatives not included in the macro hedge.

Net commissions and fees amounted to EUR 846 million, up EUR 98 million on 2005, reflecting the stronger performance of Commercial & Private Banking and Merchant Banking, which reported higher fiduciary and portfolio management fees and service fees.

Other income increased to EUR 159 million in 2006, due to EUR 83 million facility charges paid by Fortis ASR (insurance). In January 2006, the Facility department of Fortis ASR was merged with Fortis Bank Nederland's Facility department.

Staff expenses decreased to EUR 848 million, the net effect of the provision of EUR 45 million formed in 2005 for the management upgrade project and the release in 2006 of EUR 33 million from the provision for employer's contributions to the healthcare costs of retired personnel.

Fortis Bank Nederland employed 9,949 **full-time equivalents** as at year-end 2006, an increase of 490 on year-end 2005. The merger of the Facility department of Fortis ASR with Fortis Bank Nederland's Facility department accounted for 231 of these.

Other expenses increased to EUR 843 million, due primarily to the inclusion of the Fortis ASR's Facility department and increased expenditure on technology, systems and external staff and additions to provisions.

Income tax expenses amounted to EUR 472 million in 2006 and the effective tax rate was 28.6%, up from 26.0% in 2005.

		2006	2005	2004
Retail Banking	Income	1,081	998	523
	Cost	-583	-584	-479
	Net Profit	309	282	19
	Cost-Income Ratio	54%	59%	92%
	Contribution to Net profit	27%	27%	5%
	FTE's	2,439	2,331	2,554
Merchant Banking	Income	1,172	1,074	781
	Cost	-475	-487	-453
	Net Profit	553	487	267
	Cost-Income Ratio	41%	45%	58%
	Contribution to Net profit	48%	46%	64%
	FTE's	1,955	1,813	1,711
Commercial & Private Banking	Income	949	825	599
	Cost	-527	-503	-419
	Net Profit	290	230	132
	Cost-Income Ratio	56%	61%	70%
	Contribution to Net profit	25%	22%	32%
	FTE's	2,985	2,841	2,583
Other Banking²	Income	199	194	306
	Cost	-169	-71	-234
	Net Profit	5	50	-2
	Cost-Income Ratio	85%	37%	76%
	Contribution to Net profit	0%	5%	0%
	FTE's	2,570	2,474	2,556
Total	Income	3,401	3,091	2,209
	Cost	-1,754	-1,645	-1,585
	Net Profit	1,157	1,049	416
	Cost-Income Ratio	52%	53%	72%
	FTE's	9,949	9,459	9,404

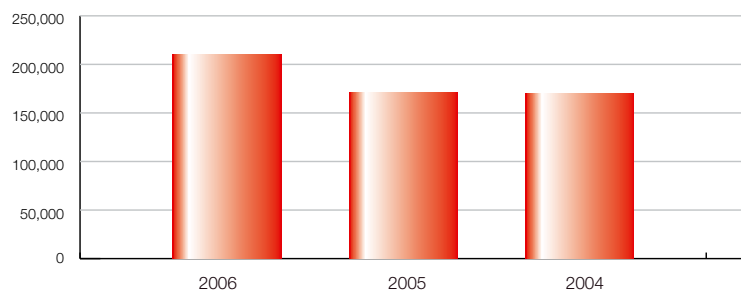
² In the section Other Banking are reported balance sheet items, revenues and costs for support functions, operations, Asset and Liability Management and Fortis Hypotheek Bank. The figures reported are those after allocation to the commercial segments.

Consolidated balance sheet

(before appropriation of profit)

In EUR million	31 December 2006	31 December 2005	31 December 2004
Assets			
Cash and cash equivalents	22,075	13,508	20,046
Assets held for trading	23,393	17,004	16,270
Due from banks	27,071	17,263	21,655
Due from customers	124,038	108,775	97,524
Investments:			
- Held to maturity	33		
- Available for sale	3,795	6,741	7,335
- Held at fair value through profit or loss	179	153	143
- Investment property	3	4	4
- Associates and joint ventures	906	820	736
	4,916	7,718	8,218
Other receivables	2,920	2,641	1,082
Property and equipment	385	319	324
Goodwill and other intangible assets	228	139	86
Accrued interest and other assets	4,723	3,504	4,416
Total assets	209,749	170,871	169,621
Liabilities			
Liabilities held for trading	32,961	21,192	19,771
Due to banks	70,144	58,600	69,605
Due to customers	63,856	51,618	47,280
Debt certificates	25,344	19,262	18,204
Subordinated liabilities	2,402	2,201	1,823
Other borrowings	903	4,335	2,931
Provisions	91	132	141
Current tax liabilities	518	234	275
Deferred tax liabilities	47	16	293
Accrued interest and other liabilities	7,386	7,493	5,217
Total liabilities	203,652	165,083	165,540
Issued capital and reserve	5,910	5,613	3,915
Minority interests	187	175	166
Total equity	6,097	5,788	4,081
Total liabilities and equity	209,749	170,871	169,621

Total Assets



Total Assets	
2006	209,749
2005	170,871
2004	169,621

Fortis Bank Nederland's **balance sheet total** as at year-end 2006 was 23% higher at EUR 210 billion, up from EUR 171 billion as at year-end 2005, mainly due to the growth in the activities of Global Markets, which is part of Merchant Banking.

Cash and cash equivalents were 63% higher at EUR 22 billion, with the increase at Merchant Banking more than offsetting decreases at Commercial Banking and Fortis Hypotheek Bank.

Due from banks increased 57% to EUR 27 billion at the end of December 2006, due principally to securities lending operations at Merchant Banking.

Due from customers was up 14% to EUR 124 billion. Growth in the residential mortgage portfolio and increased securities lending volume were the main contributory factors.

Assets held for trading increased 38% to EUR 23 billion, mainly reflecting growth in the securities trading portfolio at Merchant Banking.

Liabilities held for trading were 56% higher at EUR 33 billion, chiefly due to increased short positions in equities.

Due to banks was 20% up at EUR 70 billion, mainly the result of the growth in securities lending transactions and time deposits at Merchant Banking.

Due to customers amounted to EUR 64 billion, an increase of 24%, mainly attributable to Merchant Banking and, to a lesser extent, Private Banking and ALM.

Debt certificates increased 31% to EUR 25 billion, driven by ALM and securitisation transactions at Fortis Hypotheek Bank.

Shareholders' equity was slightly higher at EUR 5.9 billion. The net result of EUR 1 billion for the year amply covered the dividend 2005 of EUR€270 million and the interim dividend of EUR 500 million paid to Fortis Bank S.A./N.V..

Executive Board

J.C.M. van Rutte, Chairman

F.J. van Lanschot

H.P.F.E. Bos



waardering²

The image and heading above were used in an ad to express the appreciation for Fortis as Business Bank of the year 2006.

All of us have dreams and ambitions. You want to succeed and to prosper in your life's journey. And that means taking your unique plans and putting them into practice.



Fortis location Prins Bernhardplein (Amsterdam)

Structure of Fortis Bank

Within the Fortis group, Fortis Bank operates worldwide through three client-oriented businesses: Retail Banking, Merchant Banking and Commercial & Private Banking. Each business comprises several business lines.

Coordination of the various banking activities of Fortis in the Netherlands is the responsibility of the Executive Board of Fortis Bank Nederland. To enable the Board to perform this task, the members of the Executive Board are also members of the respective cross-border management teams of the businesses and corporate departments.

The principal operations of the various businesses within Fortis Bank Nederland in 2006 are summarised on the following pages.

Retail Banking

Mission & Strategy

Retail Banking Netherlands is the distribution channel for Fortis' retail banking services in the Netherlands. It offers a full range of banking products and services, from day-to-day banking and savings account activities to investments and mortgage and insurance services, for personal, professional and small business customers, adopting a differentiated customer approach and pursuing a multi-access distribution strategy.

The mission of Retail Banking Netherlands is to become the preferred 'service bank' in the retail market. Our strategy for achieving this objective is based on four main growth initiatives: expanding the existing client base, developing remote channels, increasing the profit generated from non-focus clients and improving the quality of service.

Key developments in 2006

The rollout of Retail Banking's **new branch formula** was completed in the second half of 2006. This transformation project, which was initiated in 2004, has yielded a high-quality network of 160 branches which more than meets market standards. The project underlines Retail Banking's commitment to maintaining a high-quality relationship with its preferred customers.

The new formula aims to increase customer satisfaction by delivering higher levels of personal attention. A complete range of indoor self-banking applications, including multifunctional ATMs, online banking units and phone banking units, reduces the time spent by staff on basic services that provide limited added value. Dedicated customer-service employees act as hosts and actively help clients use self-banking applications. Advisory capacity is directed towards addressing the more complex and specific advisory needs of focus customers.

Retail Banking's focus on mortgages distributed under the Fortis label was highly successful. An increased share of voice, competitive rates and improvements to the sales process translated into remarkable growth in market share over the year. Although, given the local market conditions, a steady decline in margins was inevitable, Retail Banking was able to deliver this result while holding its relative price position in the mortgage market. Total **mortgage sales increased** from EUR 2,225 million in 2005 to EUR 3,557 million in 2006.

The mission of Retail Banking Netherlands is to become the preferred 'service bank' in the retail market.

The **growing importance of remote channels** was underlined by the 40% increase in the number of online banking clients in 2006.

Small Enterprises & Professionals (SE&P) profited greatly in 2006 from the repositioning and restructuring of its service model which was completed in 2005. Preliminary data indicate that SE&P met its overall targets for 2006, including the lending volume targets. Key events were the launch of the SME Package and the Growth Facility. The latter, which aims to give small and medium-sized enterprises more access to finance for growth, has been developed in close cooperation with Fortis Commercial Banking and the government. Fortis is one of the first banks to sign an agreement with the government on setting up such a facility.

Reflecting Retail Banking's commitment to the quality of its service staff, a comprehensive new range of training courses and activities was introduced. The Retail Banking School effectively integrates all existing training and educational activities and provides a broader range of strategic training programmes, to maximise the focus on the development of strategically relevant capabilities among the staff.

Focus in 2007

Critical to the achievement of Retail Banking's growth ambitions is an overall improvement in customer satisfaction, in which further enhancement of our quality of service will be largely instrumental. Better quality of service will increase the likelihood of clients considering Fortis for their other financial needs and for product renewals and recommending Fortis to others. By substantially and continuously raising its service performance, Retail Banking will also present a more distinctive face to the market, which will be instrumental in attracting potential customers and reinforcing relationships with existing customers. Other strategic initiatives include improving the profitability of non-focus customers, revitalising the customer base and further developing the remote channels.

Better quality of service will improve willingness of clients to consider Fortis for other financial needs.



Merchant Banking

Business profile

Merchant Banking is the international wholesale bank within the Fortis organisation, providing tailored financial services to corporate and institutional clients worldwide. Merchant Banking is active in several areas, including treasury, fixed income, energy, commodities and equities (including derivatives and structured products), corporate finance, capital markets, cash management, asset financing, project finance, private equity and structured credits. It is also a specialist in fund administration, global custody, securities lending and clearing services.

Energy, Commodities & Transportation (ECT) offers financial solutions to three industry sectors in which we have a strong regional or global leadership position.

Business & Strategy

Our clearly focused growth strategy is to bring together our key client relationships and strong product franchises with the growth opportunities that we identify. We shall continue to develop our client-centred approach and leverage our core competences and strengths. International expansion is one of the cornerstones of our growth strategy: where we go and what we do always serves to strengthen our position in our specific client, product or skill niches. We have three key levers with which to achieve our objectives: revenue growth, cost efficiency and risk management.

- On the revenue side, we shall continue to apply and fine-tune client-focused segmentation and tailored offerings to promote cross-selling. Our efforts will focus on the following growth drivers:
 - energy, commodities and transportation, sectors in which we possess extensive knowledge and benefit from profitable cross-selling spanning the entire value chain;
 - services to professional traders, hedge funds and other institutional investors, where we shall benefit from the growing importance of alternative asset management and so build on our leading position in this market;

- the institutional market, which is increasingly demanding complex solutions and fast rollout of derivatives and structured products.

- We shall raise cost efficiency still further, by continuously optimising our back-office operations and IT infrastructure and raising the productivity of our front-office staff.
- We shall actively manage our risk exposure by ensuring controlled growth in risk-weighted commitments and further improving our risk management organisation, processes, methods and tools.

Key developments in 2006

Corporate, Institutional & Public Banking is responsible for the global relationship management of corporate, institutional and public-sector clients. Close cooperation across business lines has further enhanced cross-selling, both geographically and in terms of products and skills. A good example was the financing of a US equity sponsor in the acquisition of a listed European conglomerate which was active in the food, beverages and consumer goods sector.

Energy, Commodities & Transportation (ECT) provides financial solutions for three industry sectors in which we have a strong regional or global position. As a global leader in the wind energy sector, Fortis has successfully expanded its product and service offering, including tax equity investments in the US and long-term power price hedging for wind energy projects.

The growing volume of global trade and rising commodity prices enabled the Metals, Energy and Agriculture commodity teams to boost their market shares in an increasingly competitive environment. An expanded product range allowed Commodities to further deepen its relationship with its customers.

Transportation was highly active in the syndicated loan market and the advisory and capital markets and concluded deals with major players on the international shipping market. For TAL International, Fortis structured the largest and most successful issuance of asset-backed securities in the freight container sector ever.

Global Markets engages in all trading, sales and research activities. All our online products and services for professional clients have been brought under a single client portal, ForPro, which gives clients easy access to research, new issue information and market data, as well as quantitative tools and web applications for cash management, global markets and commodity financing.

Investment Banking offers a wide variety of financial services, including corporate finance, structured finance and private equity. It provides integrated financial solutions in the area of export and project finance, acquisition and leveraged finance, real estate finance and principal finance, primarily targeting transportation groups and companies.

Acquisitions & Leveraged Finance further expanded its international presence by opening offices in Germany and Italy. It played a leading role in transactions involving companies such as Tommy Hilfiger, E-Dreams (Spain) and ABX logistics (Belgium).

Export & Project Finance reported vigorous growth of its activities in infrastructure finance and public/private partnerships, helped by robust market growth in a number of European countries and North America and healthy development of its project finance activities in sectors such as liquefied natural gas, petrochemicals and mining, acting as arranger in several transactions.

Clearing, Funds & Custody offers high-value financial services in custody, clearing and fund administration that support the trading and investment activities of financial professionals.

The fund administration business was expanded with the acquisition of Hedge Fund Services, the largest fund administrator in the British Virgin Islands.

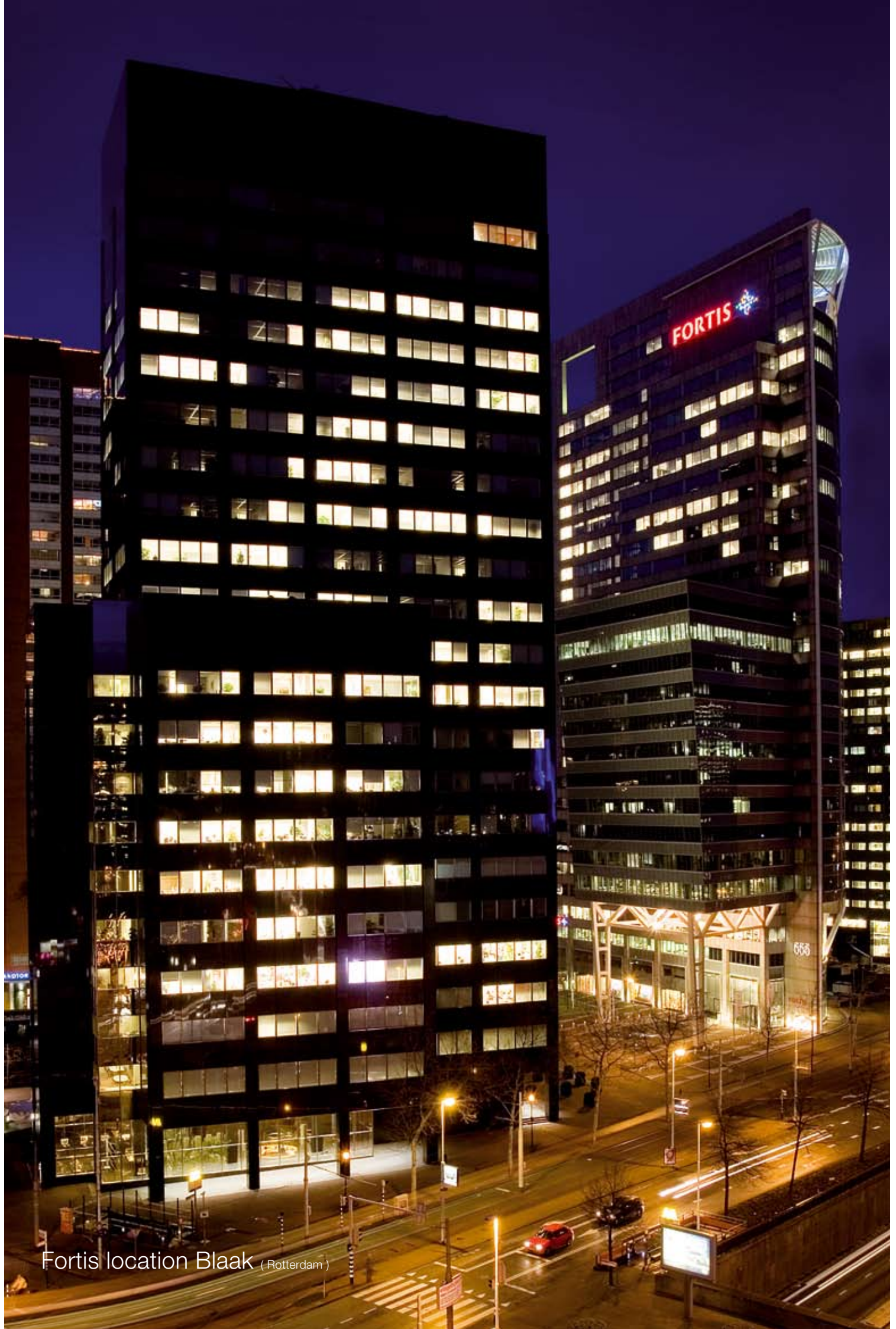
Focus in 2007

Corporate, Institutional & Public Banking focuses on consolidation of our leading positions in the Benelux markets and aims for a tier 1 or top foreign bank position in other selected locations. They will build on existing relationships through a holistic approach to their needs and tailor the servicing based on potential, strategic and profitability-based segmentation.

The Energy, Commodities & Transportation sector will focus on added-value products for its clients along the value chain and follow them as they extend their reach by broadening Fortis' service offering, to support its continued growth in emerging markets.

Global Markets will focus on structured products and derivatives across all asset classes, leveraging its trading skills to grow client-related business, create strong debt and equity capital market units and redeploy its activities in Asia.

For Investment Banking, the challenge will be to grow its direct and fund-of-fund activities in Europe and selectively in the US and Asia, expand its corporate finance services and create an integrated real estate finance unit. It will also seek to improve its global market coverage in export and project finance by strengthening its international network and setting up new operational entities in countries such as Japan, China and Brazil. Private equity activities will be intensified in Energy, Commodities and Transportation.



Fortis location Blaak (Rotterdam)

Commercial & Private Banking

Mission & Strategy

Commercial Banking aspires to be the partner of choice for European-oriented medium-sized enterprises. We offer these customers value-added solutions via our integrated European network of Business Centres. Our unique 'Act as One' approach means they can arrange all their financial services through a single contact: the Global Relationship Manager. Private Banking provides integrated, world-wide asset and liability management solutions for private clients, for their businesses and for their advisors.

Business owners are a principal source of wealth creation. When Commercial & Private Banking was formed in 2005, it created a structural platform that enables us to service the market represented by the enterprise and the entrepreneur. In 2006, Commercial & Private Banking benefited from this combined global approach, backed up by our new 'Enterprise and Entrepreneur' offering.

This approach is also reflected in the 'Fortis House' concept, in which Commercial Banking and Private Banking personnel share offices.

- Fortis will continue to expand its Business Centre network.
- Commercial Banking and Private Banking will continue to pursue their individual growth paths, while working together closely in the steadily growing multi-local customer segment.
- A comprehensive package of specialised financial services, including leasing, factoring, trust and global trade services, will drive our efforts to maintain our leading market positions.
- We intend to strengthen our customer teams, which will use a single marketing diagnostics database to track new opportunities.
- Cost efficiency will be a constant focus. We shall streamline our sales processes, extend our single IT platform to all Business Centres, centralise back offices and share premises where appropriate.

Commercial Banking

Commercial Banking aspires to be the partner of choice for European-oriented medium-sized enterprises by offering value-added solutions through a cohesive network of Business Centres.

Fortis gives companies access to a unique integrated network

of around 125 Business Centres located throughout Europe and Asia, enabling them to arrange all their financial services internationally via a single contact – their Global Relationship Manager – who brings together all Fortis' expertise and provides specialist, tailor-made solutions. This 'Act as One' approach offers customers throughout Europe the same level of service and the same palette of cross-border products, services and specialisms via a single point of contact. Financial services for medium-sized, internationally active companies is a growing and profitable market. Commercial Banking has been focusing on this segment for some eight years now, giving us a first-mover advantage thanks to our unique cross-border approach, integrated skills and European and Asian network. Our competitors – still largely organised on a country basis – are only just embarking on the cross-border integration that the market demands. Our broad range of services, reinforced by selective acquisitions and the expansion of our Business Centre network, generate more frequent and more sophisticated deals, demonstrating our ability to combine solutions that appropriately address the needs of our customers.

Key developments in 2006

Commercial Banking has extended the integrated European network by opening Business Centres in several new territories, including Greece, Turkey, Sweden and Denmark, and increased distribution capacity by adding new Business Centres in countries in which it already had a presence (France, Italy, Germany and the United Kingdom). Fortis Houses were opened throughout Europe.

In the Netherlands, Commercial Banking focused on optimisation. Service levels for the various target groups were adjusted to increase efficiency and improve the quality of service, for example by setting up five regional 'Enterprise Desks', centralising the services to the horticultural sector and enhancing the services to the public sector and the ports and logistics sectors. The implementation of CROSS, Fortis' uniform credit application tool, which will mean more efficient handling of lending processes, will optimise the operation still further.

Commercial Banking was named Business Bank of the Year by Het Financieel Dagblad in 2006, in recognition of its high service level, quality and responsiveness.



Focus in 2007

The goal for 2007 is sustainable growth: through more intensive cross-selling, winning new customers, rolling out the network model and opening new Business Centres in Europe and Asia (the BC in Hong Kong opened in January 2007). Commercial Banking will contribute to the achievement of the strategic targets by generating additional profitable sales through greater sales force effectiveness.

A new sales process (FINE), complete with a support tool, will be rolled out in the Netherlands.

Project Magnum, a joint project by Commercial Banking and Global Markets, has been launched in Belgium and will be rolled out in the Netherlands in 2007 to boost revenues from risk and liquidity management solutions.

Compliance will also be an increasingly important theme which will demand constant attention from management and employees.

Private Banking

The client is at the heart of Fortis Private Banking's distinctive business philosophy – a commitment clearly expressed in its slogan 'Time to listen, capacity to act'. The professionals at Private Banking, who are trained to listen, understand and respond effectively to the client's individual needs, deliver on that promise every day. Private Banking offers worldwide, integrated asset and liability management solutions for private clients, their businesses and their advisors.

As an international provider of wealth management services, Fortis seeks to establish long-term relationships built on an in-depth understanding of each client's needs and goals. Private Banking offers integrated asset and liability management, combining all the skills which are necessary to address specific client needs: income optimisation, capital growth, business ambitions, wealth preservation and the art of wealth. When dealing with high net worth clients and their advisors, Fortis always takes a long-term approach with a view to servicing them through all economic cycles and through all the different stages of their personal lives. The integrated services delivery model ensures that clients receive the same high-quality service and attention, wherever they are in the world.

Key developments in 2006

As a global player in the private wealth management arena, Private Banking broadened and deepened its service offering with the addition of tailor-made yacht finance and cross-border mortgage solutions. These solutions fit perfectly into the 'Enterprise and Entrepreneur' concept, which was rolled out initially in six European countries. Private Banking also concentrated on extending its wealth-structuring solutions to meet the specific concerns and needs of entrepreneurs, without compromising its ongoing service offering for its traditional clients.

The integration into Fortis of the former Dryden organisation was completed. The teams moved to shared offices and a range of products and services were successfully introduced to the client bases. Like Commercial Banking, Private Banking also introduced the FINE sales management concept, which will enable our client teams to focus even more closely on their core task of servicing their clients. New offices were opened in Poland and Russia.

An advertising campaign was launched in the Netherlands to coincide with the linking of the Fortis and MeesPierson names. Both this and the campaign for the 'Enterprise and Entrepreneur' concept reinforced the brand name in the Dutch market. We also invested in upgrading our management information systems and continued to review our processes and procedures to ensure compliance and achieve our risk-management objectives. Our drive to attract top commercial staff was brought to a successful conclusion, with the hiring of over 70 highly qualified private bankers.

We further extended our services for entrepreneurs with the launch of integrated servicing for transfers of family owned companies.

The portfolio of specialised credits (real estate, private loans) continued to grow strongly in 2006. A new regional branch was opened in Maastricht.

Fortis Private Banking ranked 15th among the best global private banks in the Euromoney poll in January 2007 and was named 'Outstanding Business Private Bank 2006' by Private Banker International. Confirming the effectiveness of our client-focused strategy, Fortis was ranked top in relationship management in the Netherlands in the January 2007 Euromoney survey.

Focus in 2007

The objective in 2007 will be to further strengthen and expand our service offering to meet growing client needs and develop our dedicated service offerings for specific client segments, such as entrepreneurs, in order to advance our position in selected markets.

In the Netherlands, we shall continue to focus on top-quality client servicing and thus maintain our leadership in terms of quality of relationship management by developing innovative service offerings and expanding our already broad range of open architecture investment offerings. Additional financing specialists will be recruited to service our clients' growing financing needs and to implement the solutions we offer.

Supported by a stable compliance and risk management framework and our refined management information and control functions, the staff who are in direct contact with clients are well positioned to maintain and advance our leading position in the Dutch private banking market.

Specialised Financial Services (SFS)

Specialised Financial Services (SFS) focuses on leasing, commercial finance, global trade, trust and corporate services. These services, which are an integral part of the banking activities, are provided by separate entities. The primary objective is to stimulate the sale of skills by combining different skills into valuable new solutions for corporate clients and systematically exploiting various internal and external distribution channels and client bases are exploited in a systematic way.





Our ambition: to be a
top European financial
institution

Fortis Intertrust

Mission & Strategy

Fortis Intertrust, part of the Commercial & Private Banking business line, is a global solutions provider for clients with assets in several countries which have cross-border cash streams. With its headquarters in Geneva and a staff of around 1,100 in 24 countries, Fortis Intertrust is among the leaders in the trust and corporate management services industry worldwide.

Fortis Intertrust Nederland directs the development of its business with reference to four variables: client satisfaction, employee satisfaction, cost/income ratio and compliance. Recognising that it can only achieve its strategic ambitions – to be the best trust office in the Netherlands and the client's logical choice – if its staff and underlying processes are of high quality, Fortis Intertrust has initiated various projects in the Netherlands to support this objective.

Key developments in 2006

Around 40% of Fortis Intertrust's total revenues were generated by Fortis Intertrust Nederland, with a staff of just over 200. Fortis Intertrust again reported excellent results in 2006, proof of its acknowledged capabilities as a consultant to the international business community.

2006 was a remarkable year in all respects for Fortis Intertrust in the Netherlands. Significant advances were made in the year, in which the rebranding exercise was completed, and substantial progress was achieved in all relevant areas.

Focus in 2007

Fortis Intertrust is generating a growing share of its business through the Fortis network and this collaboration is expected to continue to be successful in the future. It is encouraging to note that the organisation is well able to accommodate this growth in new business with the current staffing levels. To ensure that this high standard is maintained, Fortis Intertrust recently appointed its own recruiter to search the labour market for talented people and persuade them to join the team. High priority continues to be given to creating and preserving a challenging working environment and grow the portfolio in line with the growth in the workforce. The target is to double current revenue in the Netherlands by 2011, making a sojourn with Fortis Intertrust an essential step for those wanting to build a career in the trust function.



Fortis location Rokin (Amsterdam)

Sustainability

Committed to corporate social responsibility

Corporate social responsibility (CSR), which within Fortis means a combination of sustainable development and community involvement, is part of our group strategy. We believe that our CSR agenda contributes to the achievement of our ambition to be among the top European financial service providers.

The appointment of Lex Kloosterman to the new post of Chief Strategy Officer (CSO) on the Executive Committee underlines the importance we attach to combining strategy and sustainability. The CSO is responsible for developing the strategic framework and defining the direction of the company, while taking charge of investor relations, public affairs, corporate social responsibility and global branding and communications.

At Fortis we focus on two aspects of corporate social responsibility:

Sustainable Development

To us this means conducting business in a responsible manner, achieving sustainable economic growth while serving the legitimate interests of our stakeholders and assuming social and environmental responsibility.

Community Involvement

This relates to our active role in and responsibility for helping local communities to achieve their objectives, through a combination of philanthropy and volunteer work. Our foundations are the main vehicles through which we fulfil this commitment.

Strategy

Agenda 2006, the roadmap which defined our ambitions, priorities and actions for the period 2004 – 2006, has been effective. It has helped us to focus and to make tangible progress in many areas. All specific action points, except for those that can be regarded as ongoing processes, have been addressed. The operational action points we identified in Agenda 2006 made both our employees and outside stakeholders aware of our priorities.

In light of the effectiveness of Agenda 2006, we have decided to formulate a similar roadmap for the next stage of our CSR strategy. Agenda 2009 focuses on three themes:

- sustainable supply chains: managing the value chain in a sustainable way;
- climate change: reducing our own carbon footprint and proactively developing business-driven policies and products which are related to climate change;
- social inclusion: working through the Fortis foundations to help vulnerable groups to participate fully in society and improving access to our products around the world without compromising our high sustainability standards.

We believe that these three themes capture the most significant and material sustainability challenges we will be facing in the coming years. Our efforts to further embed our CSR values in our organisation and processes will focus on these themes. We have formulated specific action points and will continue working on defining specific, measurable priorities and actions that will help us to leverage our performance in those areas.

Agenda 2007 - 2009

Up to 2004	Executing Agenda 2006	Agenda 2009
Increased coordination	Development and implementation	Focus and acceleration
	<ol style="list-style-type: none"> 1) First sustainability Report 2) Internal sustainability site 3) Central credit policy on sustainability 4) Defense industry Policy 5) Performance indicators as part of business plans 6) Intensification of stakeholder dialogue 7) Development of purchasing policy 8) Group -wide investment policy 9) Group -wide environmental statement 10) Alignment with international standards: endorsement of Equator Principles 11) Development of sector policies 12) Expansion of Foundations 	<ol style="list-style-type: none"> 1) Building on overall themes <ul style="list-style-type: none"> • Sustainable supply chain • Climate change • Social inclusion 2) Action plan carbon neutrality 3) Development and rollout of specific policies. <ul style="list-style-type: none"> • Shipping • Agri-commodities • Defense industry 4) Further expansion of Foundations in Luxembourg, France, Poland, UK and Turkey.

Results 2006

Our consistent approach to corporate social responsibility has yielded tangible results.

Fortis pledges global carbon neutrality

A step we took last year that was applauded as a benchmark for our peers was the announcement of our ambition to achieve full carbon neutrality for all our operations as from 2007. To prove that we are serious in our commitment, we shall first undertake a 'good housekeeping' exercise to cut our energy consumption by 10% by 2009, by moving to green energy wherever possible and offsetting the remainder of our emissions by buying credits under the European Emissions Trading Scheme. We shall then focus on the carbon impact of and the opportunities and risks presented by our core business activities – lending, insurance and investments. Through this comprehensive carbon-neutrality programme, we aim to establish Fortis' position as a leader in the fight against global warming and the first-choice provider of environmental products.

Endorsement of international initiatives

Our commitment to sustainability was also underlined by our affiliation to UNEP FI and the UN Global Compact. We have also set up an infrastructure for implementation of the Equator Principles

UNEP FI

UNEP FI is a global partnership between the United Nations Environmental Program and more than 160 financial institutions who are signatories to the UNEP FI Statements. Signatories commit to integrating environmental considerations into all aspects of their operations. Networking with prominent financial institutions, engagement with public and private sectors and the sharing of best practices are important aspects that make UNEP FI membership a very meaningful contributor to the achievement of our ambition of environmentally sustainable growth.

Global Compact

The UN Global Compact is an international initiative that brings companies together with UN agencies and labour and civil society representatives to support ten universal principles. Membership advances our internal corporate social responsibility agenda by providing guidelines and providing access to an international network. This enables us to pursue our growth strategy while giving full weight to the relevant sustainability aspects.

Equator Principles

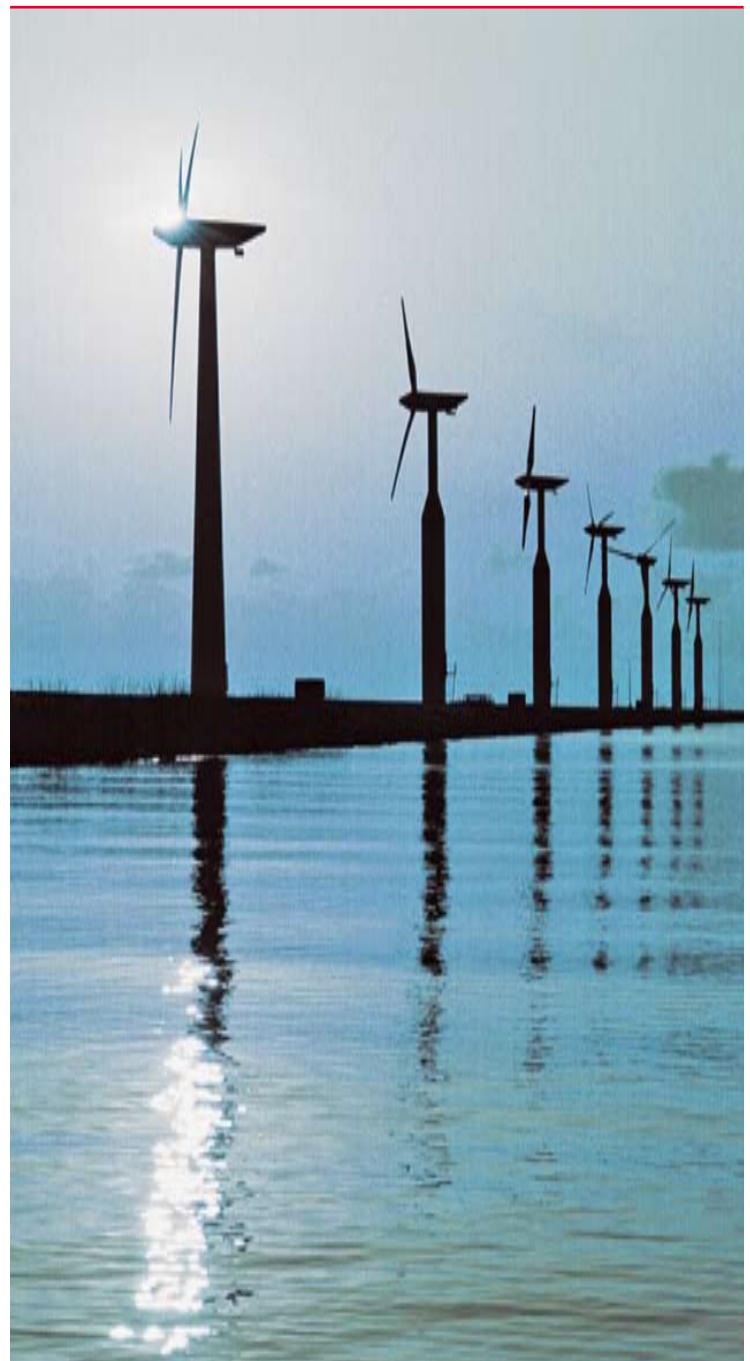
The Equator Principles provide environmental and social guidelines in the area of project finance. On the basis of these principles, projects are categorised according to their potential impact, from category A (high impact) to category C (low impact). For category A and B projects, the borrower must first complete an environmental impact assessment, addressing the environmental and social issues identified in the categorisation process, and then – after consulting the relevant local stakeholders – submit an environmental management plan, covering mitigation, monitoring and management of environmental and social risks.

Reaching out into the organisation: new policies and other highlights

Having sound policies helps us to focus on material issues affecting our operations. In 2006, we developed a sustainability assessment tool for our shipping business, which helps us to identify sustainability issues and assess how our clients deal with them. We have also started developing policies for our commodities business. Having formulated criteria for the palm oil industry in 2006, we shall be drafting policies for other commodities, such as soya, sugar, coffee and cacao, in 2007.

Our third CSR Report, which discusses in greater depth the subjects touched on here, is published simultaneously with the financial report. We hope you will read it and share your observations and ideas with us. More information can be found at our website, www.fortis.com.

Sustainability assessment tool helps us to identify sustainability issues and assess how our clients deal with them.



Human Resources

The age-related personnel and employability policy which Fortis Bank Nederland introduced in 2006 is not just concerned with catering for older employees and helping employees affected by reorganisations to find work. Fortis Bank Nederland understands that every age has its challenges.

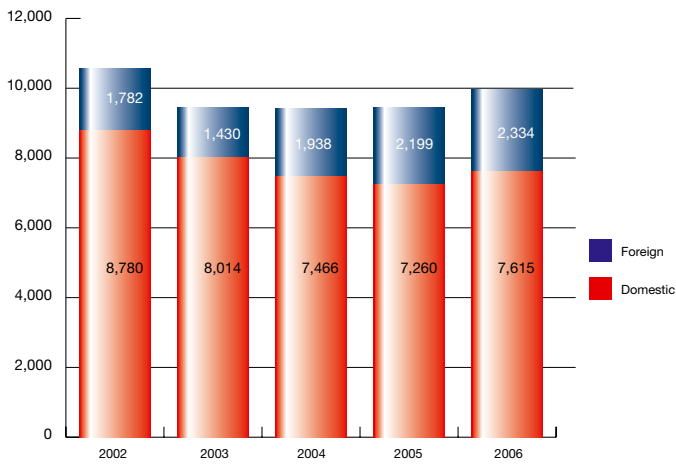
That is why Fortis Bank Nederland is actively promoting the **Life-Course Savings** scheme, which gives employees the option, at any stage in life, of spending time doing something different without having to leave the labour market prematurely. Fortis Bank Nederland offers all employees a 3.5% contribution to Life-Course Savings schemes, with the result that over 40% are now participating. The contributions by employer and employee are paid into individual Life-Course Savings accounts opened with Fortis Retail Bank.

Because it wants to help employees remain active, Fortis Bank Nederland launched the BRAVO project in 2006 to help them stop smoking, moderate their alcohol use, adopt a healthier diet and take more leisure.

While Fortis Bank Nederland helps its employees to remain active in all kinds of ways, it understands that this is, in the end, a matter of individual choice. Fortis Bank Nederland supports the current trend within society to let people make their own choices and assume greater responsibility for their own lives.

2006 brought a number of other advances in the area of freedom of choice. A new, modern **pension plan** has been introduced for new employees with effect from 1 January 2007. Under this new plan, the concept of provision for old age is retained by providing a defined-benefit pension plan for salaries up to around EUR 40,000 (at 2007 prices). For new employees earning more than that threshold, Fortis Bank Nederland pays over the surplus into a defined-contribution plan through which they can save towards their pensions themselves. This also has advantages for Fortis, because it makes it easier to estimate the future cost of pension provision.

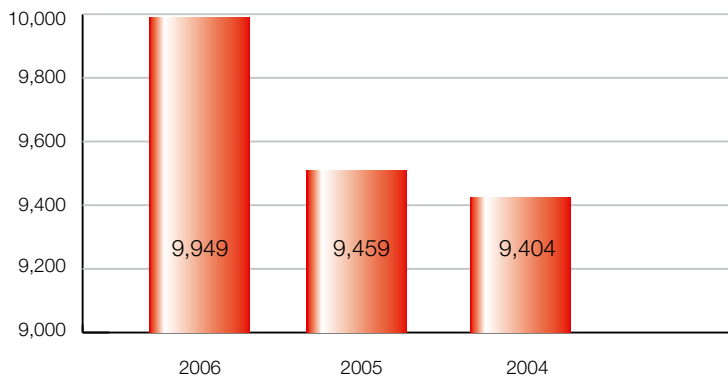
Employees are encouraged to take responsibility for their own careers. The introduction of a talent-search programme under the name 'My vacancies' has created a far more transparent internal labour market within the company. Because, in a large organisation like Fortis, the sheer diversity of jobs and functions can make it difficult for employees and managers to decide which job is their best next step, the challenge for the bank is to help them choose their next career move, inside Fortis but outside their immediate working environment.



Fortis Bank Nederland was the first entity within Fortis to introduce the Fortis Reward model, which breaks with the current system of more or less automatic periodic salary increases and a general profit-sharing scheme. Under the new system, growth in fixed salary and variable remuneration are more dependent on performance. The growth in the fixed salary depends on how well the individual does his or her job and the bonus is determined by the performance of the employee, the employee's business unit and Fortis as a whole.

In pursuit of greater synergy and to raise cost-awareness, a start was made in 2006 on setting up a joint HR Service Centre in the Netherlands for Fortis Bank and Fortis Insurance. The plan is to raise efficiency by bringing several departments, such as HR and payroll, together into a single organisation in the Netherlands. Fortis plans to extend this kind of collaboration into areas other than human resources in the future.

FTE's Total



	2006	2005	2004
Retail Banking	2,439	2,331	2,554
Commercial and Private Banking	2,985	2,841	2,583
Merchant Banking	1,955	1,813	1,711
Other Banking	2,570	2,474	2,556
FTE's Totaal	9,949	9,459	9,404

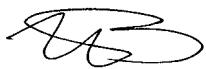
Prospects

Fortis Bank Nederland performed extremely well in 2006. Through tight cost control, dedication to meeting customer needs, improving employee satisfaction and conservative risk management, we were able to benefit from the opportunities which presented themselves in the market segments in which we operate.

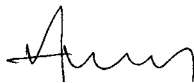
The success of Fortis in the past has given us confidence to reconfirm and accelerate our strategy of growing Fortis into a leading European financial services provider with a focus on quality. Fortis Bank Nederland will continue to contribute to this strategy.

Executive Board

J.C.M. van Rutte, Chairman



F.J. van Lanschot



H.P.F.E. Bos



Getting you there

Fortis knows all about getting you there. Because prosperity also means growing, managing and safeguarding your assets.



To: the Executive Board of Fortis Bank Nederland (Holding) N.V.

Auditor's statement

We have audited the financial information presented in this annual review. This information is derived from the 2006 financial statements of Fortis, which have been audited by us and on which we issued an unqualified auditors' report on 26 March 2007.

The financial information referred to above is the responsibility of the management of Fortis. Our responsibility is to express an opinion on the financial information based on our audit.

In our opinion, the financial information corresponds in all material respects with the financial statements from which it is derived. For a more comprehensive view of the financial position and results of Fortis and the scope of our audit, the financial information should be read in conjunction with the complete financial statements from which it is derived and the auditors' report we issued thereon.

Amstelveen, 26 March 2007

KPMG ACCOUNTANTS N.V.

J.J.A. van Nek RA

The annual report of FBN(H) constitutes of two separate documents, the Annual Review 2006 and the Financial Statements 2006. The Financial Statements consists of the consolidated and the company financial statements of Fortis Bank Nederland (Holding) N.V. The Financial Statements are duly signed by the members of the Executive Board and the Supervisory Board in accordance with Article 15 of the Articles of Association. KPMG Accountants N.V. have audited these financial statements, their auditors' statement is given on page 41 and their auditors' report is included in the financial statements as 'other information'.

Fortis Bank Nederland (Holding) N.V.

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